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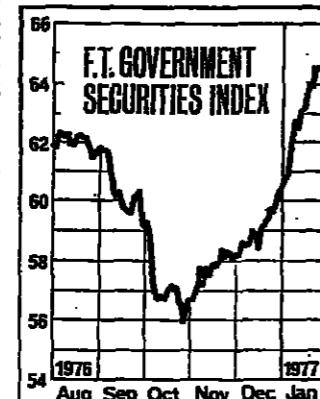
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NEWS SUMMARY

GENERAL

Step up war on Smith—Zambia

• GILTS gained ground, encouraged by interest rate trends. Rises ranged to 3 in



The cost of bank loans is being cut following the decision by the big banks yesterday to reduce their base rates by 1 per cent. to 13 per cent.

The move came against the background of a further lowering of interest rates in the money market and expectations that there will be another cut on Friday in the Bank of England's minimum lending rate.

It is the first reduction in the cost of bank overdrafts since base rates were lifted to 14 per cent. last year in the wake of the official decision to increase the minimum lending rate to its peak 15 per cent. as part of the emergency measures to bring money supply under control.

The drop of 1 per cent. will be welcome to industrial borrowers in particular, for whom the high cost of money has been a major factor holding back new investment.

The decision will mean that the cost of overdrafts to the top-quality blue-chip industrial borrowers will come down to 14 per cent., with other bank customers paying 15-18 per cent. for loans.

With the societies now offering the equivalent of 12 per cent. gross to investors in ordinary shares, there competitive edge over the banks is now almost back to the point at which they believe they will see a marked upturn in the inflow of funds.

But the societies pointed out that there could still be competition from the market-related rates offered on larger bank deposits, and the inflow of funds to the movement remains very poor. Earlier estimates put the official bill tender would bring a further cut of at least £100m. in MLR.

The downturn was encouraged

Continued on Back Page

disappeared. But there is no question of any reduction of building society rates in the near future.

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Continued on Back Page

Appeals for calm after violence in Spain

BY ROGER MATTHEWS

THE SPANISH Government, senior military commanders, Opposition leaders and Left-wing trade union organisations all appealed for calm to-day, after 48 hours of political violence in which six people were killed, more than 20 injured and an army general kidnapped.

The main illegal labour unions, which warned that the extreme right was trying to provoke a military coup, backed the widespread protest strikes which hit the industrial sector to-day, and called for further action tomorrow. But they urged workers to keep off the streets and not take part in demonstrations.

Four labour leaders, members of the Communist Party, burst into their Madrid offices and sprayed them with bullets. Another four are critically ill, and a fifth is said to be recovering.

The lawyers were attached to one of the country's principal unions, the Communist-dominated Workers' Commissions.

All three Madrid students were closed to-day in mourning for the girl student who died

yesterday after being hit by a police smoke bomb fired at close range during a demonstration.

Another student was killed the day before when he was shot in the back by a man believed to be a member of an extreme Right-wing organisation.

Officials described the mood of

the Government as "tense but calm," as Prime Minister Adolfo Suarez called in his deputy, Lieut-Gen. Gutierrez Mellado, the other three military Ministers and the Interior Minister for urgent consultations.

Some army generals have expressed their indignation at the latest kidnapping, but have publicly maintained support for the policies of the Government.

However, military sources also report growing discontent about the handling of law and order issues.

Senior officers from the Madrid military region held a meeting this afternoon to discuss the political situation. The Minister for the Army has sent a telegram to all barracks, demanding calm and discipline.

Apart from arresting a Right-wing Argentinian for involvement in the death of the student on Sunday, police have held a number of other foreigners. More than 20 are understood to be at police headquarters, including two Australians and a former British journalist.

Editorial Comment Page 16

British Rail pension funds may bid for investment trust

BY CHRISTOPHER HILL

THE British Rail pension funds are planning a £30m. bid for Standard Investment Trust, a member of the Touche Rennert group.

This is the first important bid by a pension fund for an investment trust and is the largest bid for an investment trust since the takeover of Metropolitan Trust by Guardian Royal Exchange in 1973.

The terms of the offer are based on an estimate of net asset value per share of Standard as at the end of 1976, amounting to 130p in cash for each 25p Standard share. This represents a 29 per cent. increase over the middle market quotation of 103p per share for Standard at the year end and is a discount of only 5 per cent. on the estimated net asset value.

The funds have an annual net cash inflow of £150m. a year and, on the basis of Standard's known investments, they like the portfolio spread including the relative absence of unquoted holdings. All the same, the funds have reserved the right not to proceed with the offer if, among

other points, the composition and quality of the portfolio prove to be unsatisfactory.

The offer for the ordinary shares is net of the prior charges, the contingent gains liability and the surrender of investment currency. The funds are seeking discussions with Standard on these terms.

HBOS is acting for BRPF while Standard, headed by Lord Renfrew of Tritton, chairman, is represented by J. Henry Schroder Wag. The directors of Standard are meeting to-day and are expected to make an announcement on the offer.

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Suppressing the housing debate

BY ANTHONY HARRIS

JUST A YEAR has now passed demand as a whole over other since the date promised by Mr. forms of demand; but there is a Anthony Crosland, for the possible rationale for this. The (delayed) publication of housing finance which he commissioned when he took office. Since then, of course, he has moved to the Foreign Office, and Mr. Peter Shore has announced that he wants to make the review wider — a plausible excuse for still failing to publish it; meanwhile, he has already taken steps to alter the direction of policy, concentrating more resources on inner city areas (such as his constituency). Action without

Meanwhile, the housing situation continues to deteriorate. The Rent Act of 1974 virtually finished the job of killing off the private rented sector, at any rate as a source of new housing. Anyone in Whitehall will not tell you that this sector will not fail if it does not succeed in the sense of failing to publish it; meanwhile, he has already taken steps to alter the direction of policy, concentrating more resources on inner city areas (such as his constituency). Action without

However, anyone who even considered this question of future standards would surely notice another fact: that the standard of housing we seem able to afford gets steadily poorer, despite rising real incomes and rising public spending. You might expect a fundamental analysis to be interested in this fact, and might even hope that someone would do a little work on interest rates and inflation to discover why it is so. It does not require a financial genius to notice that the sum a man of £5,000 a year can afford to borrow at 12 per cent is significantly less than he could afford to borrow at 5 per cent. Some local housing authorities, studying their own future financial commitments, have been reaching a similar conclusion.

Asks questions

A cynical optimist might suppose that this was one of the facts, or rather theories, set out in the suppressed Review; but so far as I have been able to gather — and you cannot altogether suppress such matters of opinion it is not. It looks as if Mr. Shore should have been pressing for a review which was deeper than water. If only Mr. Crosland has any understanding of finance, or Mr. Shore showed any interest in housing, they might at least ask the right questions.

Unfortunately the potential of a properly managed private rented sector is not the only topic which has been overlooked, so far as I can gather. A second is the relation between the financial treatment of private owners, and all tenants. At the risk of provoking another pile of abusive correspondence, I must repeat that the owner-occupier, because he is allowed to move on the capital locked up in his house out of gross income, is in a position of financial privilege; and if it is "politically impossible" to remove this privilege, it is at least possible to measure it, and to find out what financial regime for tenants would balance it.

This would, to be sure, mean giving a special status to housing damned.

His experts

In short, if what I have heard about the review is fair, Mr. Shore can expect to be the Minister who presides over the collapse not only of the private rented sector, but of much of the housebuilding industry; and his experts will not have told him why this is happening. Meanwhile, their learned thoughts on demographic and regional developments in the housing market will be at least as useful as the glaucous leaves of Arameic grammar.

But this is enough of abusing what I have not read. The most easily remedied scandal is the continued suppression of the review itself. Mr. Crosland may have hoped to open up the important questions; instead, he has virtually stifled debate on housing policy during the worst crisis for the industry since the great crash. This is not only for lack of material but because the vocal experts remain gagged by the Official Secrets Act as long as the study goes on. On these terms, policy studies become the enemy of policy. Publish or be

GARDENS TO-DAY

Big gardens and their little treasures

BY ROBIN LANE FOX

IF YOU dislike gardening, the Manor offers them both. flowers do give off a scent of in- never, surely, is that you have together with a good small selec- cence. To find it, you must never tried to grow anything tion of old roses, a rampant white dulse in the pleasure of a visit new or unusual. There is rambler peculiar to the garden, to Knightshayes: the plants can- nothing to which you can look such half-hardy surprises as not be supplied by post but can forward, spring cabbage varying Hebe Hulkeana, the very best of in only its failure to run to a all pale lavender Hebes, and a the garden's open days.

Those on the lookout for something rare which can be acquired by post should apply

National Trust visitors will for the list of Buckshaw Gardens, already be aware of their Holwell, Sherborne, Dorset. This chances of finding rare plants concern, formerly called The Plantsmen has long tantalised public days. This, surely, is a keen gardeners with offers of source which could be expanded: remarkable rarities, some of the business is cash-and-carry, which have established them- selves as fine garden plants in their own right. I would single out a list of "more unusual plants" offered to summer visitors by the great Devon gardener of Knightshayes Court, near Tiverton. It is a hint of what can be tracked down. There are the dying after it has burst into flower. But it seeds itself abundantly and is easily wintered from single nurseries, one in a cold shed. Its magenta flowers are so bright and so prolific that I consider it one of the most worthwhile annuals available. It is most odd that no other nursery has ever taken it up.

More than ever before, they are the distinction of a particular garden: you can see them two feet high when in flower, at maturity and then buy them, this Mediterranean plant spreads out from a hard woody rootstock into a blanket which blocks out all weeds. Its greenish flowers are very fashionable; it seems to me to be hardy and reliable even in damp winters, after eight years in which I have known no plant to last. But Knightshayes is too rich a garden to stop at merely brilliant perfumed flowers. About two feet high when in flower, this Mediterranean plant spreads out from a hard woody rootstock into a blanket which blocks out all weeds. Its greenish flowers are very fashionable; it seems to me to be hardy and reliable even in damp winters, after eight years in which I have known no plant to last. But Knightshayes is too rich a garden to stop at merely brilliant perfumed flowers. About

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Brendel

by DOMINIC GILL

Admirers of Brendel—or I perfect (and sincere, for it is said, by many fans or never less than scrupulously aficionados, for no one can fail honest), a spiritual dimension—admire Brendel's extraordinary quality—rank him as a shrewd interpreter with the insights with Schubert, Serkin, Schaus, Solomon. There was a time, when Brendel was younger, and when we knew his art more clearly through his early recordings for Vox (available still as Turnabout issues), when I was inclined to see, Listening again to some of those early discs, one is moved as ever by the fire and clarity of the playing. His music is called for, hard granite, strong as carbon; in its gentler parts, shot through with the most delicate intimate poetry.

Then there was a period when Brendel was no longer so sure. A kind of blandness, and a curiousness, came to the fore more frequently in the performances. It sometimes seemed that the fire had turned to fay; the sinev had gone out of a sound. But that was several years ago; and Brendel is clearly moving into his own again. I've yet found any of the Phillips Brendel recordings which I prefer unreservedly to the old Vox cycle. But there is no doubt that Brendel's Beethoven playing has regained much of its early stature. One

accept his performances as wholehearted for what they are, love or admire them, joy them once more with only smallest reservations.

He reservations can be easily defined. Perhaps it is that he knows little too easily, after five minutes of hearing end play, now the next page—“I sound clear, strong and entirely intelligent, but at base predictable? The playing also has a certain element of lighting and shock; electric current lacks, too, even at its most

By JOHN EVERT GARDEN

Swan Lake

by CLEMENT CRISP

For Vergie Derman and Wayne Eagling's *Swan Lake* cannot now be considered a test of their abilities, although they are competitive newcomers to it. On a day they showed exception so in the third act—that they properly be ranked among Royal Ballet's most interesting casts. This is not to say that its joint interpretation was not. Act 2 was somewhat bad in its dramatic impact, but an overall comprehension of ballet, and admirably suited technical gifts mark them as worthy inheritors of the leading roles.

Diss Derman's beautiful grace of manner, the long furling of her line in pas de deux, are well displayed in the first lake scene, she is, mysterious, sufficiently responsive to the tereness Mr. Eagling shows at meeting. The great adagio and soared, yet the later seemed somehow indecisive, as their distinction of musical phrasing. As Odile, though, Derman comes very excellently into her own, and so does Eagling. Miss Derman produced an amusé brillante for *pas de deux*, as if steps of twoto were the merest tricks the Czardas and the Neopolitan, which she can ensnare poor were precise and bold.

radio 3

Beaux Arts Trio

In Monday's lunchtime recital broadcast live from St. John's Smith Square, the Beaux Arts Trio provided a reminder of its erstwhile Beethoven series, a final too civilised, too discreet sonata with a performance of the E flat Trio, Op. 70, no. 2. A playing was all the things, except from this peerless piano trio—sensitive in balance of parts, polished the timing of each gesture, suitably mellow in tone. This work, at once surging and concentrated, with the rampantly

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English Topography

An exhibition until 12th of original prints and maps from the 16th to the 19th century. The well illustrated catalogue with 1,500 items includes atlases and illustrated books, town plans and views, county maps, sea charts and road-maps, industrial and social scenes, and views of country houses. Catalogue sent on request £1.



David Collis' costume designs—mourning robes, military attendant and Chalchima—for the new English National Opera production of Iain Hamilton's "The Royal Hunt of the Sun" which will have its world premiere at the Coliseum on Wednesday, February 2. The conductor is David Lloyd-Jones and the producer Colin Graham

Television

American imports

by CHRIS DUNKLEY

“Wah merst abe ye er teenager in lerv?” was the query posed repeatedly by a singing group from Glasgow when they appeared on last Friday's *Crockerjack*, a children's programme on BBC2. The compere introduced them as “three young stars and their auntie,” and when nothing was predictable, explored whether they were Scottish. Yet their performance consisted of a rather poor imitation (in about doctors, cops, and cowboys: *Quincy and Kojak, Starsky and Hutch, McMillan And Wife*, *Dion And The Belmonts*).

It could perhaps be argued—and virtually nothing else is (I suspect) not incomparable with it— that it is in such a week spent on *Coco Cola*: the initial fizz of each new serving rapidly becomes monotonous, the complete absence of regional dialects and accents, subtlety dulls the palate by folklore and legend, song and depriving it of exercise, and the story is being eradicated by artificially injected sparkle leads overhanging waves of North American culture, most of them transmitted via television.

Memory suggests that there was even more worry about American dominance in the fifties and sixties than in the present decade: outrage was caused by American comics, sweets, films, music, and when British commercial television started, that show.

You hear much less outrage now and yet the American programmes are still there as I have confirmed thoroughly during the past week. Having decided to approach incredulity as the keep a special eye on them I was at first startled to discover that if you play carefully and switch channels frequently, you can manage a diet composed almost exclusively of American fare.

If you consider the hours when most people are free to watch television assuming they wish to, the hours from about 6.30 or 7 o'clock until close-down some time between 11.45 and 12.30, you discover (judging from the past week, which is presumably not unrepresentative) that BBC1 transmits about 24 per cent, and ITV no less than 36 per cent, and in the London area, anyway, and the proportions do not differ very much in other regions.

The American programmes range from *The Wonderful World Of Disney* on BBC1 to the parent/child relationship was emphasised: *The Disappearance of Aimee* was one of the week's

disappearances of *Aimee* on better American exports, being BBC 2, and they include a dramatised account of the number of old movies. In fact the best American programme of the week was a 1943 film called *McPherson, Fay Dunaway, and the Shadow Of A Doubt* on BBC2—which might count as semi-British, having been directed by Alfred Hitchcock. However, the great bulk of American material consists of the familiar series about doctors, cops, and cowboys: *Quincy and Kojak, Starsky and Hutch, McMillan And Wife*, *Dion And The Belmonts*.

A week spent watching them it is, a week spent on *Coco Cola*: the initial fizz of each new serving rapidly becomes monotonous, the complete absence of regional dialects and accents, subtlety dulls the palate by depriving it of exercise, and the story is being eradicated by artificially injected sparkle leads overhanging waves of North American culture, most of them transmitted via television.

No doubt it is invidious to generalise, and yet the similarities among so many of these programmes are so marked that it would be perverse not to. So: as a whole they are very concerned with the physical and the material and generally unconcerned with the intellectual and the moral. There is some preoccupation with the analysis of human relationships, but invariably from a psychiatric rather than ethical standpoint.

I watched in something approaching incredulity as the three series of the week all came up with plots involving the failure of a father to live up to the expectations of a son: in *Six Million Dollar Man* (ITV) the son was confined to a wheelchair after an accident while climbing in something (shades of *Wagon Train*) half Cheyenne which allows him to make trendy environmental judgments on the ecology, violence will have its attitudes strengthened; those believing in the ultimate good of humanity will find this confirmed.

Yet what of that *Crackerjack* group trotting out that awful imitation? There cannot, surely, be anyone who seriously supposes that when they meet their friends outside the Sauchiehall Street disco they actually ask one another “Wah merst abe ye er teenager in lerv?”

Last week's groaningly unoriginal story was about the long-standing feud over land and water rights between small-time squatters and big-time cattle barons: derivative material of the poorest sort. Nonetheless, the filming of the galloping horses, and of the flaming hay wagon and, indeed, all the outdoor action, was just as proficient and as exciting as we have come to expect, and it is presumably for precisely this sort of stuff that British companies buy second-hand from the States: such material costs a great deal to produce, and the modern equivalent with planes and cars and helicopters just as much or more.

Right now, with British commercial television companies making such large sums of money out of the scarce public resources with which they operate—the national TV channel, one might wonder what more money is not being ploughed back into producing improved British versions to replace American imports. Perhaps the answer would be that more money is being ploughed back, and if so the results will no doubt become evident later.

Leaving that detail aside, however, and taking the longer and broader view to include the BBC and those periods when ITV has not been making so much money,

Round House

Flowers

by B. A. YOUNG

Lindsay Kemp's *Flowers* isn't did turn into ogres a moment much changed from its former later and massacre a harmless look at the Regent. There is abbe—but on the whole I find more room on the stage of the the work common and empty. Round House, though the company doesn't take as much good actor and who may be a advantage of it as it might, good dancer as well for all I There are some lighting effects know, trails through his scenes not possible behind a proscenium. Rather less male flesh is the inevitable end before he is half-way through, for no tension results from their slowness. He allows himself a single line of dialogue (“Bring me your finest China tea, my” which must have special significance for him, for he has stuck firmly to it ever since I first saw *Flowers* in Edinburgh some ten years ago, though it triggers no special effect.

But in general the piece remains the same, a series of scenes emotionally extracted from recollections of Gene's *Notre Dame des Fleurs*, presented in a medium that is something less than dancing and something less than acting—so languidly that one longs for him. Rather less male flesh is the inevitable end before he is half-way through, for no tension results from their slowness. He allows himself a single line of dialogue (“Bring me your finest China tea, my” which must have special significance for him, for he has stuck firmly to it ever since I first saw *Flowers* in Edinburgh some ten years ago, though it triggers no special effect.

Mr. Kemp has his fans, however, always ready to applaud quite ordinary routines as if they were something unique. I suppose that they are mostly too young to remember that dissimilarity between the post-war drag companies like *Soldiers in Skirts*, who might possibly have done the cabaret dances rather better.

There are some pretty scenes—“I loved the ‘ladies’ with their wet umbrellas, even if they

work from the post-war drag companies like *Soldiers in Skirts*, who might possibly have done the cabaret dances rather better.

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EUROPEAN NEWS

Mondale seeks boost from Schmidt for world economy

BY ADRIAN DICKS

BONN, Jan. 25.

R. WALTER MONDALE, the new U.S. Vice-President, today urged new measures to stimulate the international economy on the West German Government, and declared that he had reached "a good understanding" with Chancellor Helmut Schmidt on the shared responsibility of the stronger industrial nations.

Both men agreed at the end of four hours of talks here this afternoon that relations between the West German Government and the Carter administration had started off on what Mr. Mondale called "the firmest possible ground." But in the course of a joint appearance at the offices of Herr Schmidt, officials of the two governments differed in their apparent despite the warm personal tone of the meeting.

Herr Schmidt, though he said the Bonn Government had "fully" aware of our international responsibilities," politely underlined the fact that he sees the \$10bn. package of infrastructural measures announced last day as a long-term programme "over the next four years, rather than as a directly stimulatory move." He said it had been drawn up in parallel with President Carter's \$30bn. package and in the knowledge of what is in preparation.

However, the West German Chancellor also went out of his way to say that the two Governments "see eye to eye," and that they would be working closely together to ensure the success of the proposed world economic summit meeting: "We all want it to be a success."

Change likely in Turkish overseas debt structure

BY METIN MUNIR

ANKARA, Jan. 25.

TURKEY IS planning a major change in its foreign debt structure with the aim of switching from short term to medium and long term loans from international monetary markets, bank sources told the Financial Times here to-day.

Last year, Turkey received more than \$700m. in short term loans from Euromarkets for the needs of its private enterprise through the so-called convertible Turkish lira accounts. Preliminary estimates for this year for credits coming through this channel are \$800m. The majority of these loans have a maturity of 13 months and a spread of 5% most of it being in bank loans.

This structure has come under criticism in Turkey for a number of reasons, one of them that it is an expensive form of credit, and only that the spread of 1.75% encourages the healthier

FEBRUARY 1977

Strauss may quit Bonn

BY OUR OWN CORRESPONDENT

BONN, Jan. 25.

HEINRICH FRANZ-JOSEF STRAUSS his abortive attempt to form a fourth national party group in the Bundestag last autumn. This time, as a result of speculation that he may be believed to have raised this possibility with the present Bavarian State Premier, Herr Alfons Goppel. According to the Suddeutsche Zeitung, the influential Munich-based newspaper, Herr Strauss may have wanted clarification from Herr Goppel about the terms of an agreement between the two men, dating back to 1973, under which — according to Herr Strauss' belief — a post he has never managed to win. Many political observers consider he may have imagined his chances — in good time before the next State assembly elections in 1978.

Sakharov warned by prosecutor

By David Satter

MOSCOW, Jan. 25.

DISSIDENT leader Dr. Andrei Sakharov said that he was officially warned today by a Soviet public prosecutor that he may be brought to trial if he does not cease making statements which Soviet authorities regard as "hostile, slanderous and criminal."

The Vice President and his Chancellor both stressed the priority given in their talks to nuclear problems. Mr. Mondale said that prospects for a co-operative solution in the danger of nuclear proliferation had been much enhanced, and indicated that here, too, there had already been top level U.S.-German contacts which would be continued.

He did not, however, make clear whether he was referring to the "new SALT" agreement already spelled out by the new U.S. President.

Asked about the prospects for West Germany's controversial nuclear fuel cycle deal with Brazil, Herr Schmidt refused to go into details. But he stated firmly that both Governments were agreed that "up to now, the West German Government has fully lived up to all its treaty obligations in this matter." This does not preclude the possibility that we will undertake new obligations in this area."

On other foreign policy issues, both men welcomed the prospect of a new initiative in the Middle East this spring. Mr. Mondale also hailed the "very favourable" developments in Spain and Portugal, and said it was a shared hope of the U.S. and West Germany that a new, multilateral initiative could be taken to reduce exports of conventional armaments.

Andreotti urges pay curbs

BY DOMINICK J. COYLE

ROME, Jan. 25.

ITALY'S rising labour costs must be cut, whatever the cost, Sig. Giulio Andreotti, today warned both employers and trade unions here, urging them to follow the British example in incomes policy.

Dr. Sakharov said that he told Mr. Gusev that he did not consider his activities to be illegal, and that he would continue to deal with specific cases of abuses of human rights on an individual basis. He appealed to world public opinion to "come to the defence of me and those close to me."

In the past week, two men with dissident connections were interrogated in connection with the metro blast. Both men welcomed the prospect of a new initiative in the Middle East this spring. Mr. Mondale also hailed the "very favourable" developments in Spain and Portugal, and said it was a shared hope of the U.S. and West Germany that a new, multilateral initiative could be taken to reduce exports of conventional armaments.

Giscard and Saudis fail to agree on Middle East settlement issue

BY ROBERT MAUTHNER

PARIS, Jan. 25.

FRANCE and Saudi Arabia failed to reach complete agreement on the nature of an eventual Middle East settlement during French President Valery Giscard d'Estaing's official visit to the Arab kingdom which ended today.

Important differences between the views of the two countries on this subject were clearly underlined in the final joint communiqué published this morning after extensive talks between the French President and King Khalid.

The French repeated their well-known position that any settlement of the Israeli-Arab conflict should be based on a

withdrawal of Israel from the territories occupied in 1967, on the right of the Palestinians to stand on Jerusalem, for which the French would be prepared to envisage some kind of international solution, and observers in Paris were struck by the fact that the Saudis were not prepared to underwrite Israel's existence.

The Saudis, however, adopted a significantly different position. In a separate paragraph of the communiqué, they stressed specifically that the occupied territories from which Israel must withdraw include Jerusalem and that the recognition of the "legitimate rights" of the Palestinian people included the right to "self-determination in its own country and on its own land."

A question of France's possible mediating role in any settlement also remains open. Though King Khalid said in an interview with a French news agency that he would like France to participate in the Geneva peace conference, President Giscard d'Estaing took a very cautious stand on this proposal.

France was not a candidate for the Geneva conference, the President told journalists, but if, at a later stage, its participation was desired, it would, of course, agree. In an obvious attempt to smooth things over, King Khalid said that the French would agree to take part in the conference only when the problem of frontier guarantees was raised.

From the contract for the supply of Saudi Arabia to France of 42m. tonnes of crude oil over the next three years, announced yesterday, the commercial results of President Giscard's visit were confined to changes in Italy's present highly inflationary pattern of general wage indexation but which would provide for higher productivity.

Employers and unions are expected to produce a compromise settlement without major changes in Italy's present highly inflationary pattern of general wage indexation but which would provide for higher productivity.

President Giscard indicated that the French would agree to take part in the conference only when the problem of frontier guarantees was raised.

Employers and unions are ex-

Dutch unions plan series of strikes

BY MICHAEL VAN OS

AMSTERDAM, Jan. 25.

HOLLAND'S two largest central union organisations will begin a tactic with the employers at programme of selective industrial action within the next two months. The FNV and CNV unions said their earlier pledge that it will not intervene in wages this year as it has done in the past two years.

The Government is clinging to its earlier pledge that it will not intervene in wages this year as it has done in the past two years.

It is in a difficult position as it does not want to damage relations with the unions only a few months before the elections (scheduled for May).

The Socialist-dominated coalition is hoping employers and trade unions can settle the matter among themselves but consider this commitment too

expensive.

However, the unions consider automatic price compensation as an acquired right introduced in Holland generally at the beginning of the 1970s with the employers' consent. Besides planned various companies, and possibly in certain sectors of industry, negotiations have broken down

Makarios warns of long struggle

BY OUR OWN CORRESPONDENT

NICOSIA, Jan. 25.

ARCHBISHOP MAKARIOS, the embarking on a "long struggle for the restoration of their violated rights."

The Archibishop confirmed that the new U.S. Administration and the EEC were contemplating moves on Cyprus. The Foreign Minister of John Christodoulou said yesterday that a U.S. exploratory mission might be sent to Cyprus soon.

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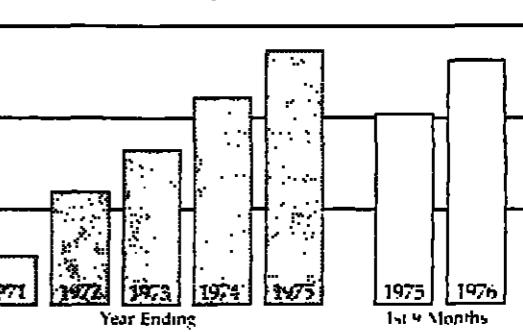
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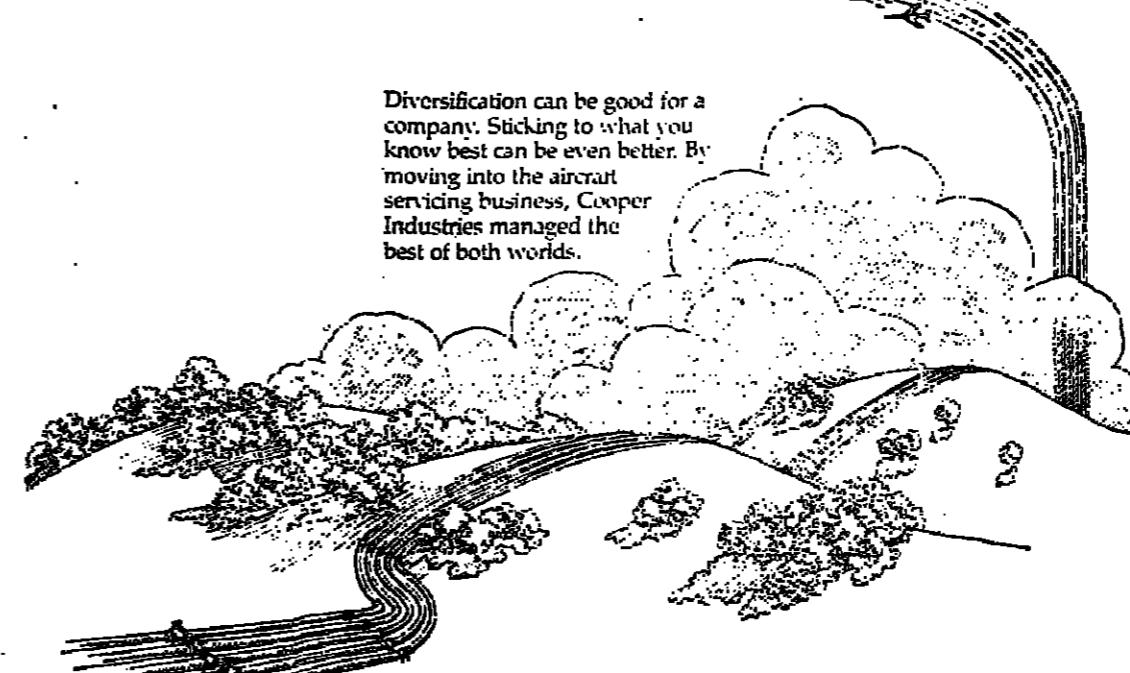
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AMERICAN NEWS

Canadian confederation is unworkable—Levesque

BY ROBERT GIBBONS

M. RENE Levesque, the Prime Minister of Quebec, and his reliable sources, looked to stress the theme of sovereignty. M. Jacques Quebec's becoming a "small nation, but a good neighbour of the U.S." It would welcome U.S. and portfolio investment, and by the president of Hydro Quebec, M. Roland Giroux, as well as a number of financial experts from Hydro.

He said Quebec—which has a declining birthrate—must control immigration and take full control of its savings to promote economic development.

M. Levesque stressed that there would be a continuing association between Quebec and the rest of Canada, but did not go into the subject in detail.

M. Parizeau said the federal system "for all intents and purposes does not exist any more" at the Links Club as a "work-out" for his speech to-night at the Economic Club of New York. In this he was again expected to go into the subject in detail.

Later, he described his speech as a "work-out" for his speech to-night at the Economic Club of New York. In this he was again expected to go into the subject in detail.

About 1,500 people were expected to hear to-night's Economic Club speech.

NEW YORK, Jan. 25.

Sixth IMF gold auction to-day

By David Bell

WASHINGTON, Jan. 25. THE INTERNATIONAL Monetary Fund to-morrow will hold its sixth gold auction, the last before it switches to the monthly sales that are to begin on the first Wednesday in March.

The IMF will auction 780,000

ounces of gold to-morrow to raise more money for its trust fund for developing nations. This now stands at about \$220m. after five sales. The last auction, on December 8, was the most successful so far, with all the gold being sold at a common price of \$137 per ounce and a record number of bids for some 4.3m. ounces.

To-morrow's auction will also use the common price system under which all successful bidders are awarded gold at the same price. The minimum bid will be 1,200 ounces and the gold will be delivered in New York.

The decision to change to the monthly series—at which \$25,000 ounces will be offered for sale on the first Wednesday of each month—represents a compromise between those who, like the Americans, had been urging weekly auctions, and others who preferred something like the present system. The monthly auction system, and all other details about the auctions are expected to be reviewed by the IMF in August.

There were some fears last autumn that the regular selling of gold by the IMF was going to depress the price of the metal, and for a while the price did drift downwards. But the market now appears to have adjusted to the auctions and the price has stabilised at or around \$130. IMF staff have thus been reassured at the Fund's decision to sell gold.

Canada money supply
Canada's seasonally adjusted narrowly defined money supply fell \$336m. in the week ended January 1 to \$18.37bn., according to brokers Pitfield Mackay Ross, AP-DJ reports from Toronto.

Payments probe delay

A Canadian parliamentary steering committee has decided to delay asking officials from Italy, Switzerland, Israel, South Korea and Argentina to testify about payments made to foreign agencies by Canada's nuclear sales agency, AP-DJ reports from Ottawa.

U.S. car forecast
Americans will purchase 18m. new cars in the year 2000, but, with improvements, they could consume less fuel than the new cars sold in 1976, according to a Transportation Department study, AP-DJ reports from Washington.

Rockwell deal inquiry
Rockwell International said yesterday that the U.S. Securities and Exchange Commission is conducting an "informal inquiry" into a Rockwell business agreement in Iran, AP-DJ reports from Pittsburgh.

Savings increase
More people saved more money in U.S. savings and loan associations last year than ever before, an industry group reports, according to AP-DJ in Chicago.

The U.S. League of Savings Associations estimated that \$51bn. more was saved in 1976, 18.2 per cent. more than the previous record of \$43.1bn. in 1975.

WASHINGTON, Jan. 25.

Brown delays defence changes

BY DAVID BELL

THE CARTER Administration will wait until next month before deciding what changes to make to the \$125bn. defence budget proposed last week by the outgoing Ford Administration, Dr. Harold Brown, the new Defence Secretary, made clear to-day when he appeared before the Senate Armed Services Committee.

At the same time, there were unconfirmed reports that the Administration may be thinking in terms of a \$2.5bn. cut in the proposed budget.

These reports suggest that the Carter Administration may delay the B-1 Bomber project for another year and go ahead with the building of five prototypes instead of the eight pre-production models proposed by Mr. Ford. These eight had been intended by the Republicans to be

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WORLD TRADE NEWS

Oil purchases raise U.K. deficit on Soviet trade

BY DAVID SATTER

The volume of Anglo-Soviet trade rose by almost half during 1976, but the chronic imbalance in favour of the Soviet Union grew even more rapidly as a result of significant British purchases of Soviet oil and an increase in such traditional U.K. exports as wood, diamonds and zinc.

Figures released by the British Embassy indicate that total trade between Britain and the Soviet Union stood at \$68.8m. during 1976, up 48 per cent. increase over the trade volume in 1975 which stood at \$22m. and the largest volume of trade since 1968, if not earlier.

On this total trade, British exports of Soviet goods counted to \$26.8m., a 62 per cent. increase over 1975. U.K. imports in 1976 had a total value of \$41.5m. and the largest volume of imports, again, since 1968.

U.K. exports to the Soviet Union in 1976 had a total value of \$24.4m., a 142 per cent. increase over the 1975 figure, which was \$2.65m. As with the second half of 1977.

Other categories the figure for U.K. exports was the highest since 1968 at least. The U.K. deficit on trade with the Soviet Union for 1976 was \$22.6m. more than double the \$20.1m. trade deficit registered last year.

Commercial sources said that the rapid growth in Anglo-Soviet trade, which has increased in value more than three and a half times since 1968, is related to the general expansion of Soviet foreign trade since the late 1960s. The sharp rise in British imports this year, however, is tied to a rise in the demand for raw materials due to the West's economic recovery.

Expanded imports, however, have not been offset in the figures by sizeable advances in exports. This is part, because there were no major exports contracts signed in 1975, the first year of the \$250m. Anglo-Soviet export credit agreement. The \$100m. gas compressor contract signed in December by the COBBERROW consortium will not begin to affect British export figures until the second half of 1977.

Comecon acts over debts

BY DAVID LASCELLES

COMECON appears to be doing something about the debts with which it has been alarming the West. Preliminary estimates for 1976 show that five of its seven European members managed to narrow their trade deficit with OECD countries, notably the Soviet Union whose exports increased nearly twice as fast as imports. But that did not prevent Comecon's accumulated debt on visible trade rising by some \$6.5bn. to a level now levelled in the West to be around \$40bn.

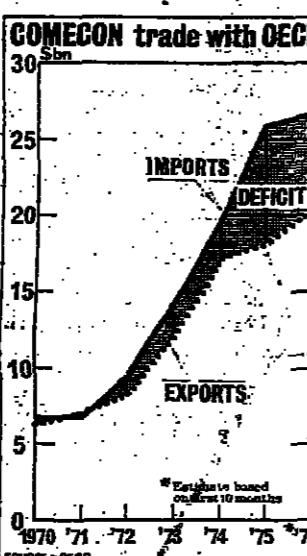
Comecon's improvement, which is foreshadowed in the stress on new Five-Year Plans laid on the need for more balanced trade, is the result of both a slowdown of imports and an acceleration of exports. The Soviet Union's imports from OECD in 1976 grew by only 3 per cent., up from 10 per cent. in 1975. Comecon's trade deficit reached a record \$8bn. Exports on the other hand rose by 13 per cent., which is more than twice the rate for 1975.

Total turnover rose by 7 per cent. compared with 20 per cent. in 1975. In other words, the volume of East-West trade was stagnating best, while Comecon's imports almost certainly fell in real terms.

The biggest contribution came from the Soviet Union whose exports to the OECD rose by 20 per cent. to \$10bn. for the first time. Imports on the other hand rose by 9 per cent. to some \$3.5bn. But although the Russians ended the year \$2bn. in the red, the trends were improving, and the biggest part of the deficit was built up in the first part of the year.

Poland also managed to bring its yawning deficit under control by increasing exports 8 per cent. and actually cutting back imports by 2 per cent. But the trends are less marked than the Russians', and by the autumn Poland's imports showed signs of deteriorating again.

The most dramatic performance came from Romania, thanks to the strict import regime imposed there to correct a deficit which at one time was creeping towards the \$1bn. mark. Romania appears to have ended the year with a deficit of only \$20m. following a 10 per cent. drop of imports and a 15 per cent. increase of exports.



COMECON COUNTRIES' TRADE DEFICIT

	WITH OECD	VISIBLE DEFICIT	VISIBLE DEFICIT ACCUMULATED
Bulgaria	1976	460	710
Czechoslovakia	280	240	1,000
East Germany*	200	90	560
Hungary	420	590	1,750
Poland	2,000	2,225	7,600
Romania	20	340	1,560
Soviet Union	3,020	3,490	7,900
Total	6,400	7,985	22,420

Based on OECD monthly trade statistics. *Excluding trade with West Germany where East Germany's accumulated deficit is estimated to be over \$1bn.

Increase in Finnish transit traffic

BY LANCE KEYWORTH

TRAFFIC congestion in Soviet smaller Comecon countries, Finland and the Soviet Union have the main European ports, and the same broad gauge railway system. Finnish ports have led to a sharp increase in Soviet transit traffic through Finland in the past couple of years. The firms expect this to continue in the foreseeable future.

The eastbound goods are loaded in southern Finnish ports, loaded on to railway wagons and sent on to Soviet and other trans-Eurasian destinations, such as these transit shipments to Japan and some of the Saimaa/Lines. It has three ships current year have been agreed.

Aid sought on semiconductors

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

EUROPEAN Governments must give the semiconductor industry more financial support if it is to be competitive with Japan and the United States, according to a study conducted by four Government and the EEC Commission.

German Government officials say that a secret part of the report—which is by Mackintosh, a British electronics consultant—also “calls for cross-border mergers between European companies, as well as widespread co-operation on basic research and on equipment for linking integrated circuits.”

The report was presented in Brussels yesterday to government officials from Britain, France, Germany and the Netherlands, plus the Commission. It is expected to have a catalytic effect upon the draw-out search for a common industry-government strategy against U.S. domination of the rapidly growing European market for integrated circuits.

U.S. companies account for over 75 per cent. of the European market, according to the report. A concerted Japanese recovery programme is also causing concern in Europe.

Presenting a summary of Mackintosh's proposals to the German press in Bonn, Herr Hans Matthofer, the German

Technology Minister, said integrated circuits “will be decisive for a country's technological efficiency. It is a key technology, and we must be in it,” he emphasised.

Herr Matthofer said he did not think Germany could mount the necessary effort alone, but he was noticeably cautious about whether other European Governments share his enthusiasm for injecting more support in a co-ordinated strategy. He was also cautious about the prospects for successful cross-frontier collaboration, in view of past problems with the Unidata computer alliance, and the current controversy over the JET nuclear project.

Herr Matthofer denied supporting the idea of an exclusive European industry. He argued that European partnerships would provide a basis for independence from the U.S. but that this would not exclude co-operation with companies in the U.S. and elsewhere. Many European circuit makers already have limited transatlantic links.

Most of the controversial proposals in the Mackintosh report are being kept secret while they are considered by the Government and the companies concerned. But Herr Matthofer revealed the study's estimate that the leading U.S. semi-

\$1.36bn. investment in Brazil aluminium

TOKYO, Jan. 25.

NIPPON Amazon Aluminum \$631m. of the total cost. (NALCO) has been set up by 32 semi-major Japanese companies to finance the \$1.36bn. operation. Fund and other Brazilian-Japanese aluminium Governmental Finance agencies are providing financial support in the will also provide financial support in the Amazon area.

NALCO will be capitalised at \$156.8m. eventually to be increased. Aluminium will offer technical co-operation for the project.

The Amazon project calls for the production of 320,000 tonnes of primary aluminium and 100,000 tonnes of alumina per year. The Japanese Aluminium Refiners Heavy Industries, C. Itoh and Company will put up about Reuter

MIDDLE EAST TRADE

Japan gives priority to Iraq

BY CHARLES SMITH

TOKYO, Jan. 24.

JAPAN IS giving top priority to Iraq in its policy of promoting economic ties with the Middle East, despite the fact the bulk of its oil imports continue to come from Saudi Arabia and Iran. This fact was underlined during a six-day visit to Tokyo by Iraq's Vice-President, Mr. Taha Muhiddin Marouf, which ended today.

During Mr. Marouf's stay an agreement was signed for the extension of a further \$1bn. worth of low interest rate credits to Iraq (an initial \$1bn. was made available two years ago). The credit is most probably in connection with an LPG gas plant which the Mitsubishi Group is hoping to supply for stepping up oil sales probably not particularly bright.

On the basis of preliminary figures, timber imports appear to have doubled to some \$100m. oil products quadrupled to over \$200m. and imports of diamonds and other mineral manufacturers rose by a quarter to some \$200m. These four categories accounted for a large part of the rise in imports.

Iraq has complained in Japan about the shortfall and been told that it must reduce prices to sell more. Since Iraq is one of the OPEC countries which raised its oil prices by 10 per cent. last month, in contrast with the Saudi Arabian increase of 5 per cent., the immediate prospect for stepping up oil sales is probably not particularly bright.

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Will cuts under attack

Mr. Fred J. W. Hartman, of the Law Office of the major law firm of Hartman & Hartman, is the managing partner of the firm. He is a graduate of the University of Illinois and a member of the Illinois Bar.

New &
service!
Steve

10000



A WEEK LATER, THE VOLVO STARTED FIRST TIME.

If you're worried about leaving your car out all night this little story might interest you.

We drove an ordinary Volvo 244DL into a refrigerated room normally occupied by several hundred Sunday joints.

We closed the door and left the car there for a week. At night, the temperature was minus 6°C. (Rather chillier than your front drive.)

A week later, an official from the AA came to drive the car out. The engine started

To be honest, this test wasn't too difficult for a Volvo to pass.

In Sweden, the temperature can be sub-

zero for as much as six months of the year and the Volvo is built to cope.

The starter motor and alternator are more powerful than those found on many cars.

The electrical components are well weather-proofed. (In another test, we pumped 1500 gallons of water into the engine and it still started first time.)

And if the Volvo engine is built to withstand severe winters so is the Volvo body.

The rust-proofing is probably better than on any other car you can buy.

(So salt on the roads won't lead to rust on the car.)

Inside, we've also learnt how to weather-proof the Volvo driver.

The heated rear window is rated at 150 watts, so you'll always get a clear view.

The heater is unusually powerful, with a 3 speed fan and thermostatic control.

(It can heat the car up to 27° centigrade, even when there are 25° of frost outside.)

Whatever the weather we promise you a warm reception. **VOLVO 244**

HOME NEWS

Protests as Coal Board steps up Belvoir plans

BY ROY HODSON

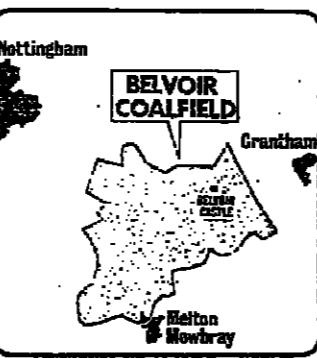
THE National Coal Board yesterday outlined plans for four possible pit sites in the Vale of Belvoir. It also announced that the coalfield, one of the biggest discovered in Europe, contained at least 500m. tons of recoverable coal worth \$5bn.

Immediate protests from resident groups concerned with protecting the beauty of the vale, a famous stretch of hunting country, in the East Midlands, centred on the Duke of Rutland whose estates sit on the coal.

The Duke, who is chairman of Leicestershire County Council, said: "The Coal Board has lost all sense of reality. I think it is extraordinary that the Board is now looking at four possible sites instead of up to three as earlier proposed."

The coalfield has been such an unexpected find, and as far as the Board is concerned, such a welcome bonus to its expansion plans, that rumours about its size has consistently run ahead of exploration work.

Whereas the first tentative



estimates based on a few trial boreholes were 350m. tons of recoverable coal, the Board is now prepared to assess it as 500m. tons. Mining experts feel that the final quantity of recoverable coal reserves could be considerably above even that figure, which is based upon a relatively few trial boreholes and seismological survey work.

The Belvoir coal is the biggest single energy deposit discovered in the U.K. and overshadows even the biggest single North Sea oil field.

It is contained in an area of 90 square miles between Nottingham, Grantham, and Melton Mowbray. The previous biggest deposit was the Selby field in Yorkshire, which the NCB is starting to mine at a cost of about £300m.

Both Selby and Belvoir were discovered in a programme of coal exploration after the four-fold increase in oil prices in 1973.

Belvoir coalfield extends about

300m. tons of coal. A production rate of much more than 3m. tons of coal a year is being officially estimated. The true rate is expected to be in the region of 10m. tons a year. Selby, with smaller reserves, is being designed to produce 10m. tons a year.

The Board is expected to apply shortly for planning permission to mine. At least one public inquiry is expected to be held before local and national government respond.

The Duke of Rutland commented last night: "Leicestershire County Council is not going to give planning permission unless they (the NCB) can prove unequivocally the need for this coal—which they have not done."

The NCB looks on the Belvoir coalfield as a lynchpin in its expansion programme to develop British coal mining to a production level of 170m. tons a year by the year 2000 at a total cost of some £10bn. at today's prices.

The chosen sites are centred on industrial areas or former airfields.

The coalfield has six seams at depths between 1,300 feet and 2,750 feet. The two principal seams together contain nearly

New medical scanner launched

By David Fishlock

A SECOND British computerised instrument for medical diagnosis was launched in London yesterday, although its inventor, J. and P. Engineering, took pains to prevent it as complementary to the EMI-Scanner, rather than as a less expensive rival.

The development of the Tomoscaner in the past two or three years has been a well-kept secret of its inventors, although papers on the instrument were read by medical authorities at two conferences last autumn.

The Tomoscaner was developed in a three-way collaboration involving the Midland Centre for Neurology and Neurosurgery at Smeethwick, and the Department of Medical Physics at Edinburgh University.

Where the EMI-Scanner and similar instruments use x-ray beams to produce views of the body's organs, the Tomoscaner creates "images" from x-ray radioactivity emitted by them.

The patient is first given an intravenous dose of a radioactive chemical chosen for its ability to seek out preferentially the tissue under observation.

At £65,000, the instrument is only about a third the price of an x-ray scanner. But it is inherently a low-resolution system.

According to Mr. Anthony Bernard, managing director of J. and P. Engineering, it can be used to differentiate clearly between malignant and non-malignant tumours, once the presence of a tumour has been verified by x-rays.

Mr. Bernard said development of the instrument was financed wholly by the company, at a cost between £250,000 and £500,000. It has three instruments already in production, and estimates that under present arrangements it could produce one a month.

Medical staff at Smeethwick hope to have the results of clinical trials ready for publication in the medical Press within a month.

House prices due to jump according to Abbey National

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSE PRICES could begin to rise more rapidly by the spring, according to the Abbey National Building Society.

Mr. H. L. P. Timberlake, chief general manager, said in London yesterday that he believed house prices were due to jump, although he did not expect the increase to be anything like as substantial as in 1972-73.

There was still a significant volume of pent-up demand for houses, despite record interest rates, and the evidence was that incomes had risen sufficiently to enable prospective purchasers to afford the necessary repayments.

Mr. Timberlake said he believed that in spite of the relatively disappointing start to

1977, the year could be a good year for building society lending.

He was not at this stage discounting the idea that the entire movement could, after all, equal last year's combined lending total of just over £8bn.

But Mr. Timberlake said a big rise in mortgage advances in the second half of the year could combine with other market factors to produce significant increases in second-hand house prices after a prolonged period of stability and even stagnation.

The current recession in new private housing output could not, until second-hand house prices rose, as these determined prices throughout the market.

While an improvement in net receipts was expected, it was likely to be "a slow haul back to last year's levels," he said.

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AMALGAMATED STORES LIMITED

(Incorporated under the Companies Acts 1862 to 1933/Registration No. 53417 England)

SHARE CAPITAL

	Issued and to be issued
Authorised	fully paid
£	£
115,000	71,321
885,000	*781,005
£1,000,000	£852,326

16 per cent Cumulative Preference Shares of £1 each (reduced to 4.55 per cent. by the Finance Act 1972)

Ordinary Shares of 5p each

* This figure excludes the 1,720,000 Ordinary Shares of 5p each which would arise on full conversion of the Stock

DIRECTORS

CHARLES VINCENT ROWE (Chairman), The Grange, Thurlow, Haverhill, Suffolk.
 MRS. LOUISE JOY WINTON, 28 Queen's Grove, London, N.W.8.
 DAVID WOLFE GREY, 32 Easthampstead, London, N.W.11.
 ROY MALCOLM NOBBS, 37 Clarence Parade, Southgate, Herts.
 FRANK PHILLIPS (Managing), 11, Southwick Place, London, W.2.
 STANLEY WISE, 5, Carlos Place, Mount Street, London, W.1.

SECRETARY AND REGISTERED OFFICE

DAVID WOLFE GREY, F.C.A., 118/119 Newgate Street, London, EC1A 7AE.

A. THE EXISTING GROUP

HISTORY AND BUSINESS OF THE COMPANY

The business of the Company, 164 years old, in its earliest form, was carried on by "Blacker & Son, Limited," upon that company's incorporation on 21st July, 1857. The Company carried on the business until 1862, and during the period from 1857 to that date the Company acquired shop premises in Sunderland (1858) and the premises and business of E. Hill Carter & Co. Limited which operated Stock-in-Trade, at West Hartlepool (1857).

In 1862 the whole of the business of the Company was acquired by Edward Hartley Limited.

In 1863 the Company was amalgamated with a number of other companies, and the business was sold for £80,000 and leased back at a yearly rental of £1,250. The sale was followed by a distribution

In June 1869 permission to deal in and speculate for the ordinary share capital of the Company was granted to the Company. The Stock Exchange.

In 1870 the Company ceased trading and sold the greater part of its assets, including its interest in English property, to "Amalgamated Stores Limited" upon that company's incorporation on 28th May, 1870. Subsequently in 1882, the Company acquired the issued share capital of "J. Schonberg Limited" for cash and the issue of shares, and the capital of "J. Schonberg Limited" which Company owned twelve small men's wear shops in the north of England.

Towards the end of the 1880s, it became apparent that the Company was in financial difficulties and efforts were made to improve its position. This included a proposal that the businesses of "Amalgamated Stores (St. Pauls Limited)" and "A. C. Miller & Company Limited" be injected into the Company but the proposal was abandoned, although the Miller family retained control of the Company for a short period in approximately 1891.

In June 1892 the Company disposed of its interest in "Amalgamated Stores Limited" and sold the business to a number of individuals for a consideration of £1,000. The Company was then renamed "Amalgamated Stores Limited" and its shareholders were given an indemnity against future losses

in respect of the Company's interest in the business. Since that time the Company has not

held a share but has retained ownership of the Existing Property Interests referred to below.

The Company is now a holding company providing management services for its wholly owned subsidiaries who principally provide management services for its wholly owned subsidiaries.

No transfers of property or assets have been made by the Company for any of them, and the Company are in contemplation, other than those disclosed in this advertisement.

THE EXISTING PROPERTY INTERESTS

The Existing Group owns the property interests particulars of which are set out below ("the Existing Property Interests"). The Company's interest in 1/4 Yarmouth Place, London W.1, has been valued by Jones, Lang, Wootton whose valuation as at 30th April 1976 is reproduced below. The values placed on the remainder of the Existing Property Interests are based on the same valuation figures as those given in the Existing Group's balance sheet as at 30th September 1976. On the basis of these valuations the Existing Property Interests have an aggregate value of £31,320.

(a) The following is a copy of Jones, Lang, Wootton's valuation of 1/4 Yarmouth Place, London W.1.

2nd August, 1976.

v. Rowe Esq.,
 Amalgamated Stores Limited,
 128 Newgate Street,
 EC1A 7AE.
 or Sir,

In accordance with your instructions, dated 16th March, 1976, to value the interest in and option relating to properties mentioned above, we have carried out an inspection of the property, made all enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of value as at 30th April 1976.

We are advised that the interest is an option to purchase the residue of a lease for a term of 56 years on 25th December, 1986, at a rent of £10,200 per annum, together with the right to receive 50 per cent. of the rent, subject to a minimum payment of £10,000 per annum, until 25th March, 1978, or earlier if the Company is in arrears.

We have regard to any documents of title, leases or agreements and for the purpose of the valuation we have reviewed the details of tenure, present and proposed lettings, floor areas (except where plans have been provided or where we considered it necessary to measure the properties), planning consents and all other relevant information which we have been supplied to us which have been indicated to us which could affect the value. We have further assumed that no Statutory Notices or claims for dilapidations by prior landlords are outstanding.

No structural surveys have been made, but in the course of one inspection we did not note any serious defects; we are not however able to report that the property is free of rot, infestation or any other defects which were carried out by any of the services.

Our letter of 30th April, 1976, provides information on the details of tenure and tenancies on which our opinion is based.

Our valuation does not take account of any rights, obligations or liabilities, whether prospective or accrued or otherwise, which we considered it necessary to measure the properties, planning consents and all other relevant information which we have been supplied to us which have been indicated to us which could affect the value. We have further assumed that no Statutory Notices or claims for dilapidations by prior landlords are outstanding.

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PARLIAMENT



Hattersley calls bread row talks

Mr. Roy Hattersley, Prices Secretary, has invited all sides involved in the bread price dispute to a meeting to-morrow which he will chair.

The trouble began after Mr. Hattersley launched his new scheme for cutting bread prices. When the delivery men objected, he took the line that it was up to the industry to resolve its own problems.

But, on Friday, despite six of talks, the delivery men's union and the Bakers' Federation failed to reach an agreement.

Non-executive directors Bill introduced

By Ivor Owen

SIR BRANDON Rhys Williams (C. Kensington) was given leave in the Commons yesterday to introduce a private members' Bill designed to enhance the status of non-executive directors in major public companies and to make them responsible for formal liaison between the auditors and the Board.

The all-party sponsors include Mr. Edward du Cane (C. Taunton), Mr. Sidney Bidwell (Lab. Southall) and Mr. John Pardoe (L. North Cornwall). The Bill will come up for second reading on Friday.

Tied cottage

A GOVERNMENT measure correcting a mistake in the Agricultural Tied Cottage legislation was introduced in the Lords yesterday.

When the Government's Bill giving farm workers in tied cottages security of tenure was passed last session an important time limit qualification on local authorities was left out.

Written Answers

INDUSTRY
Mr. Michael McNair-Wilson (Con. Newbury). What discussions have been held with the chairman of the Post Office about issuing a set of stamps to commemorate the Silver Jubilee of the Queen?

Mr. Leslie Hockfield, Under-Secretary, The Post Office have arrangements in hand for the publication of the Silver Jubilee series on May 11. The chairman and his staff have kept me fully in touch with their plans throughout.

ENERGY
Mr. Doug Hoyle (Lab. Nelson and Colne). What is the position on the renegotiation of the German contract for the supply of nuclear waste to the U.K. and is it the intention to terminate those contracts with foreign powers for the receipt of their nuclear waste?

Mr. A. Wedgwood Benn, Secretary for Energy. BNFL is in touch with utilities abroad, including utilities in Germany, with a view to re-negotiating certain terms in existing contracts for the reprocessing of irradiated nuclear fuel. The negotiations are still in progress. At the second part of the question, the company has asked the Government to renew the import licence which is required in connection with the receipt of fuel under their existing contracts. This request is under consideration.

PRICES
Mr. Anthony Grant (Con. Harrow Central). What evidence is available of the danger to health from asbestos in electric hair-dryers? What steps are being taken to safeguard the public against such risks?

Mr. John Fraser, Minister of State. I am not aware of any such evidence. I understand however that several manufacturers of these appliances have already agreed to use asbestos in them. Consumer products are included within the remit of the Advisory Committee on Asbestos, which is still reviewing all evidence available.

TREASURY
Mr. George Grant (Lab. Morpeth). What is the estimated loss of income to industry in the Northern Region in the years 1977-78 and 1978-79, respectively, resulting from the decision to abolish the regional employment premium? What is the estimated job loss as a consequence?

Mr. Joel Barnett, Chief Secretary. It is estimated that about £50m. would have been spent on the Regional Employment Premium in the Northern Region in both 1977-78 and 1978-79. The premium was withdrawn as part of a package of industrial and economic measures and the effect of this package will be to reduce unemployment as against what it would otherwise have been.

CIVIL SERVICE
Mr. Dennis Canavan (Lab. West. Stirlingshire). How many Civil Service jobs are in Scotland at present? What is his estimate for each of the next two years?

Mr. Charles Morris, Minister of State. There are at present 71,300 civil servants in Scotland. Estimates for future years are not available.

Rueful amid the ruins

By PHILIP RAWSTORNE

Mr. Anthony Crosland emerged from the ruins of the sixth attempt to construct a Rhodesian settlement yesterday, ready to try again despite a deeply pessimistic Commons.

With the wind of change threatening a farce in southern Africa, the Foreign Secretary told MPs that the Government could not give up.

"We must now give intensive study to any options which may still be open to us in this new situation," he declared.

It was apparent from that vague statement that Mr. Crosland had no more practical ideas than anyone else around on how to lay the foundations of a new approach.

The atmosphere of depression and frustration bred recriminations. Mr. John Davies, the Tory spokesman, angrily accused the Foreign Secretary of being "dictatorial and ineffective."

And the suddenly militant Mr. Reginald Maudling declared: "The breakdown of the conference was in no way

the fault of Mr. Smith."

From the Labour side, Mr. Bruce George protested that on the contrary, the failure of the talks rested squarely on the Rhodesian leader who was provoking a race war in Africa.

And Mr. Arthur Bottomley, former Commonwealth Secretary, was cheered by some Labour MPs for a forthright condemnation of Dr. Kissinger's "instant diplomacy."

From there, the differences widened to such extremes that Mr. Crosland urged them all in turn to face the facts of the situation—that no settlement was possible without the support of either the Rhodesian Front or the Patriotic Front, Mr. Vorster or the front-line states.

But Mr. Enoch Powell won some approval by pressing Mr. Crosland to "break out of the dream that we have a moral and constitutional duty to do that which we have no power to do" in Rhodesia.

They were intended to provide a serious and detailed basis for negotiations and were open to amendment and modification in the light of these negotiations," said Mr. Crosland.

In the Government view, the Foreign Secretary added, the proposals represented a reasonable way forward. They were designed to meet the concern of the Nationalists that the transfer to majority rule should be rapid and irreversible and of the white Rhodesians that it should be peaceful and orderly.

The proposals would have led to the end of the war and the lifting of the sanctions on the Rhodesian economy. "They were supported by the American Government and would have set the stage for an international trust fund to help develop the Rhodesian economy and give financial reassurance to Rhodesian Europeans.

"All I can say to the country, if they have the patience, is that the economic situation is steadily improving and will continue to do so," the Prime Minister declared.

Questioned about the likelihood of a new arrangement with West Germany on offset costs for the Rhine Army, Mr. Callaghan stated that no attempt had been made to reach a final agreement.

When he discussed the matter with the Federal German Chancellor on his recent visit, they had not reached the stage of discussing figures.

Mr. Callaghan maintained that Mrs. Thatcher and all other members of the last Tory Government shared considerable responsibility for the present level of unemployment. They had allowed the money supply (M3) to rise to unprecedented levels.

The policies of the Labour Government had reduced the money supply, he said. "It was coming down fast. That is why we can look forward to a considerable improvement in our economic prospects, increasing exports, a balance in our payments and the regeneration of British industry."

Mrs. Thatcher claimed that the jobless figure illustrated the failure of the Government's economic policies and demonstrated once again that Labour was "the natural party of unemployment."

The Prime Minister accused the Opposition leader and her supporters of "humbug," contending that they had been untruthful in their statements.

"We cannot tolerate this for much longer," snapped Mr. Heffer.

THE PRIME MINISTER is in visit factories in the Huddersfield area on Friday. The visit is one of a series Mr. Callaghan is making to various parts of the country to see industry at work.

Mr. Callaghan acknowledged that there was genuine concern in the country about unemployment and this was shared by the Cabinet.

Job creation, work experience projects and other schemes had made an important contribution to easing the position. But it had to be faced that unemployment would not be reduced substantially whatever palliatives were introduced during the next few months.

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The Management Page

EDITED BY JOHN ELLIOTT

On the day the Bullock Report advocates the worker director path for industrial democracy, Robert Oakeshott describes an alternative approach in which ownership is changed rather than management. In Dublin he finds a family company whose owners handed the business to employees but kept day-to-day charge.

A co-operative café

"OF COURSE, they have of the Quaker family which always had the most excellent started the business. All but employee relationships" said three of the full Board members, the middle-aged woman who ship of ten are still members of my neighbour as we struggle. The Bewley family while two of our waitress in the crowded up from the shop door and downstairs dining room of the were invited to join the Board Bewley's cafe in Grafton Street, at the time of the changes. Dublin. I wondered for a third is the company secretary. moment whether to tell her that Morever of three "alternate" this rather old-world Dublin Board members there is only family business was not so one outsider—John Thompson, much the familiar case of a young accountant who joined company pursuing enlightened a couple of years ago after seeing policies as a pioneer of a kind of top-downwards revolution about Bewley's. The other two in business structure which are both Victor's nephews. So could well lead eventually to a sceptical critic could understand a full scale bottom-upwards standably point out that the system of workers' (or pre-family has still got its grip on dominantly waitresses') control the business. The reality, however, I thought better of it. My ever, is by no means as simple neighbour was clearly in a as that, despite the fact that it hurry. was the Bewley family who There can however be no decided who should sit on the doubt about either the reality Board which have been taking place at Bewley's since 1971 when the Bewley family handed over ownership of the business to its employees. Equally, since the company has a very stable labour force of approximately 400, an annual turnover in excess of £1.8m., and an unbroken ownership of the business was history stretching back to the 1840s, one is clearly not dealing with an inconsequential or Bewley Community Ltd. Mem-temporary phenomenon—like membership of the Community is organisational changes in open to any of the operating ephemeral King's Road boutique. It is in fact the second largest and the oldest of the years—which, because of low handful of private companies which have chosen to transform majority of present staff in themselves into "common-ownerships" since the war.

High cost of wages

Bewley's Cafes (or Bewley's Oriental Cafes as it still calls itself, for historical reasons, on its shop fronts) has five cafes cum-shops and in around Dublin plus substantial bakery employing between 50 and 100 people, a farm and what is described, with perhaps pardonable exaggeration, a chocolate factory employing nine people. Deliveries from the farm, the company against take-over, bakery, and the chocolate factory account for a substantial what complex and the language proportion of the goods sold in the shops and cafes. So wages, a little old-fashioned, there is and thus value added, form a now, a real measure of staff larger proportion of turnover: involvement in the running of than would be normal in the business and the consequent coffee or shop trade. The last ces at both a personal and collective level seem good. In accounts show wages at over 45 per cent of turnover.

Bewley's has always been very much a family business. Victor Bewley, chairman and managing director, will be retiring at all Board meetings; and through 35 this year and who has unquestionably been the driving force behind the ownership since 1971, the council consists of 40 changes, is the third generation members—the heads of the com-

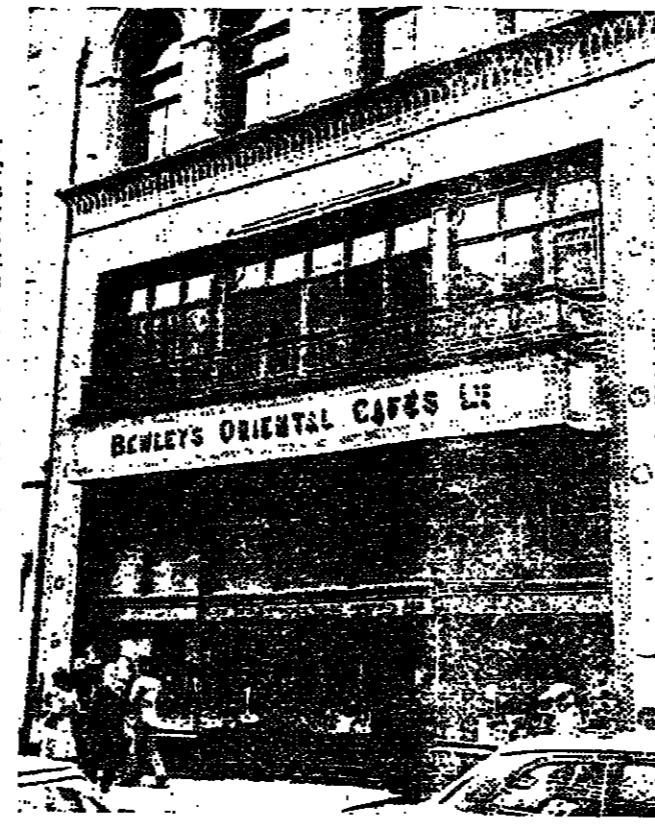
pany's 20 departments together with one elected staff member from each. In principle it meets monthly and is clearly growing in its influence. It can discuss and give advice on anything it wishes: for example it has recently discussed, and backed, a Board proposal to open a third branch operation in the Dublin suburbs.

More important and interesting than the institutional arrangements of this involvement however is the evidence of the effects of the changes. For example, under the Irish Government's old price and wage codes, Bewley's was due to pay a general wage increase at the end of June, 1975. On the other hand, under the rules of the price code, the accountant had to point out that the company could not "afford" the increase although it could have been paid out of reserves. There was no question of Bewley's going into liquidation although the profit and loss account, if the wage rise were paid, would have swig significantly into the red.

It was characteristic of Victor Bewley in that he argued in these circumstances that the increase should be paid. But it was also characteristic of him that he yielded to pressure from younger Board members and others to discuss the whole matter with the council. In the council, it turned out, there was a very large majority for postponing the increase and for "doing something to help our company" as one member put it. But there was also a large majority in favour of encouraging any individual who felt he or she really needed the increase, to take it.

There was one other problem which had to be taken into account before a final decision was reached. The Bewley's bakery is fully unionised, and the union, consulted formally before the council meeting, had said that of course its members would have to receive the increase. So what was finally decided was that the bakers should have the increase as a waitress member of council matter of right and that anyone else could choose to take it if they wished. In fact only a tiny minority did so choose.

Even more interesting, a large number of the bakers asked that they should be able to lend the increase back to the company for the time being. In fact only a tiny minority did so choose. Essentially Victor Bewley is a progressive Quaker businessman and fits into the Cadbury-Routledge tradition of progressive Quaker paternalism. But by taking a big step in the eventual direction of bottom-upwards workers' control he has extended that tradition into new territory. He does not venture to predict the pace of change, with the company again future changes but seems con-



A Bewley's cafe in Dublin

following price evident about their direction. He increases, full arra of the prefers quite explicitly the price of bottom-upwards enterprise. He increase were paid by Bewley's to all those who had foregone democracy to the Bullock alternative. But, as Victor Bewley points out, no one knew that this would happen when they made their top. But he insists that this kind of genuine involvement can be an immense source of strength to a company perhaps especially when market or other conditions make the going difficult.

Contributions to management

There are numerous examples too of most positive individual involvement and of contributions to management going well beyond the normal suggestion box level—a porter successfully organised a most productive meeting of the Grafton Street non-management staff and invited the chairman to attend; the chairman should have the increase as a waitress member of council matter of right and that anyone else could choose to take it if they wished. In fact only a tiny minority did so choose.

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BUSINESS PROBLEM

BY OUR LEGAL STAFF

Subscriptions donations tax

Would you please enlighten me regarding the attitude of the Revenue concerning payments made by a company as follows:

(a) trade subscriptions; (b) a donation to a charitable organisation devoted solely to work on behalf of the employees within the industry in which the company is operating; (c) a political donation; (d) a purely charitable donation.

Finally, could you please briefly explain the mechanics of a covenant showing to whom and how the tax reliefs operate?

(a) Trade association subscriptions:

(i) if the association has entered into the standard extra-statutory arrangement with the Inland Revenue to pay tax on surplus income, the subscription is deductible for corporation tax.

(ii) Otherwise, one must look at the object of the association and how it has in fact spent the money subscribed: broadly speaking, the subscription will be deductible if the association's expenditure would have been deductible if it had been in-

curred direct by the subscriber.

(b) Donations to trade-connected charities: Generally allowed, if reasonable and regular.

(c) Political donations: Not deductible (except in rare borderline cases).

(d) Purely charitable donations: Not deductible.

The test in every case (except (a) (i)) is whether the expenditure was incurred for the purposes of the company's trade (under section 130 of the Income and Corporation Taxes Act 1970).

Covenanted donations to charity: An annual payment made (under deduction of basic rate income-tax) under a deed of covenant is deductible as a charge on the company's income (under section 248 (8 and 9) of the Taxes Act). If you are thinking along these lines, helpful free leaflets and general assistance are readily available from the Charities Aid Foundation, 48, Pembury Road, Tonbridge, Kent, TN9 2JD; no doubt you have seen their advertisements in the Financial Times.

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

European Law Letter

This month's issue contains special articles on:

"The EEC Commission's draft of Patent Licensing rules"

"The new Patent Bill"

"The new quota cartel for the EEC steel industry and the recently approved German subcartels and mergers"

"The UK's consumer protection and competition policy, as seen by Prof. Gordon Borrie the new Director General of Fair Trading."

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Company status to be defined

BY MICHAEL LAFFERTY

THE FIRST EEC company law would appear that, at the present stage except where this directive is to be passed since the creation of member States, the already permitted by member U.K. joined the Common Market measures themselves need not meet the requirements of the Council to be applied to: a further 18 months by companies in existence at the time the directive came into force. And even then the number of important implications for British companies.

The most striking of these is that either public or private companies (it has not yet been decided which) will have to change their names to include some indication of their status.

The move is aimed primarily at distinguishing public companies. All other EEC countries, apart from Ireland, have two separate forms of company—private and public—with separate governing laws for each.

Public companies are identified in France and Germany, for example, by the letters SA and AG after their names.

A similar distinction by U.K. companies was the very minimum considered necessary by the European Community and Britain's Common Market partners.

For administrative reasons alone it would seem likely that the U.K. Government will favour changing the names of the country's 16,000 public companies rather than the 500,000 private ones.

This has already been called for by the Institute of Chartered Secretaries and Administrators and could well be on similar lines to those proposed in the Conservative's 1973 Companies Bill, whereby, in the case of public companies, the words "public limited company" or the letters "plc" would have been the appropriate designation.

In the end Victor Bewley is more interested in people than in profits. He has transformed a traditional family business into a progressive and fascinating human experiment.

It so happens—and there is only a limited connection between the two—that while this has been happening the company's profits have been quite modest. In the latest accounts they are just over £50,000 on a turnover of £1.8m.

He leaves it to the next generation of his family—and indeed to the Community he has created—to decide whether profits should be more than modest and whether above all he proposes to change the definition of public companies.

Fortunately there are general time limits for transition and compliance. First of all member States have two years to bring into force the laws and regulations necessary to comply with the directive. Then it

of shares being issued in consideration for work done or services rendered.

Shares issued at the incorporation of a company must be paid up to at least 25 per cent of their nominal value, and where the consideration is other than cash, payment must be completed within five years of incorporation.

Except in certain cases, independent experts are required to report on the values put on the assets, other than cash, which make up the consideration. The report of the experts must publish a description of each asset to form part of the consideration together with information on the valuation methods used.

A similar examination procedure by independent experts is required if within two years would be about £16,500. This is of incorporation a company may not seem a high figure for many public companies but normal course of business, any there are certainly quite a few companies in the U.K. with a public status (basically a company which has more than 50 shareholders) with a far lower paid-up capital. It remains to be seen whether companies such as housing associations will have to bring their capital into line or whether the Government will propose to change the definition of public companies.

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The complete text of the second EEC company law directive was published in the January 7, 1977, issue of "Trade and Industry." A commentary on the directive is contained in the January 1977 issue of the Price Waterhouse EEC Bulletin, copies of which may be obtained from Mr. M. R. Clayton, Southwark Towers, 32, London, SE1 9ST.

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COMPANY NEWS + COMMENT

Cowan de Groot higher midway at £0.72m.

ON SALES ahead by £2.3m. to £11.73m, pre-tax profit expanded by £163,417 to £718,245 for toys, hardware and machinery importers and wholesalers Cowan de Groot in the half-year ended October 31, 1976.

Based on a "most encouraging" upturn in profit during the last six months, together with the current buoyant sales position in all divisions, the directors say they have every confidence in anticipating an excellent year.

Stated earnings per 10p share improved to 3.36p (2.6p) and the interim dividend is raised to 0.55p (0.5p). Last year payments totalled 1.55p (2p) from profit of £1.24m.

Tax was £374,060 (£285,053) at turnover and retained profit was higher at £288,779 (£215,476).

• comment

A recovery by the electrical and hardware division, and continued progress by the toy division, has put Cowan de Groot on course for another year of record profits. In the former division the improvement reflects a lower VAT charge on certain products, as well as increased contributions from the two acquisitions which were consolidated for the first time last year. In the toy division the group appears to have outperformed the sector with the exception up to around 40 per cent of total profits against 36 per cent previously; concentration on the more resilient £2 to £5 range presumably explains much of this improvement. In the second half the group will be consolidating at least £200,000 of sales in latest acquisition Horwood, so turnover profits should reach at least £1.7m. for a p/e of 4.3 at 341p. At this level the rating seems low but the answer appears to lie with a maximum yield of just 7.7 per cent, which although covered 4.7 times by prospective earnings, is well below most other toy and electrical returns.

SEET 86% ahead in first half

Turnover of Scottish English and European Textiles increased by 36.1 per cent. to £4.95m. and pre-tax profit by 85.7 per cent. to £0.33m. for the half year to October 31, 1976—the figure for the previous 12 months was a record £0.22m.

In the second half of the current year trading has started well and prospects are encouraging, report the directors.

The net interim dividend is lifted from 0.3p to 0.6p—last year's total was 0.5p.

New weaving machines representing an investment of about £0.5m. are being installed and will be in operation by the end of the financial year.

Half year Year
1976 1975 1975-76
Turnover £100m. £100m. £100m.
£4.952 £3.685 £7.841
Tax 211 348 524
Earnings 242 224 271
Exdiv. 243 271 271

• comment

SEET has been able to buck the dismal trend in textiles with an 86 per cent. increase in profits on a 35 per cent. rise in turnover. In common with Lincroft Kilgour (which also reported results yesterday), SEET has a high proportion of exports, so a rise to 38 per cent. in addition, the product range is concentrated in high quality tweeds and mohairs—the sort of clothes which tourists to London and Scotland have bought with both hands following the fall in the pound. The second half is normally more profitable than the first and since trading is continuing to improve, a return to the 1970 level of dividends is possible. This would probably mean a net payment of 1.625p net for the year, giving a yield of 12.1 per cent. at 31p. The cover would be good because earnings for the half year are already 3.1p, but the erratic history of the company inspires some caution.

• comment

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Leda Trust growth

After a rise at half-time from £74,660 to £78,061, profit of Leda Investment Trust for the year ended December 31, 1976, rose from £158,040 to £172,129, subject to tax of £60,692 against £51,108. Gross revenue was £228,520 (£212,482), and net profit emerged at £111,437 against £106,932.

Earnings per 20p income share are stated at 2.35p (2.16p) and the second interim dividend, after a forecast at mid-way of not less than 1.3p, is 1.495p net per share yielding a historic 10.8 per cent.

(1.625p), making a total of 2.405p against 2.21p.

Net asset value per 20p capital share is 30.5p (34.24p), and assuming full conversion of convertible loan stock, 30.5p (34.1p).

Henderson-Kenton nears £1.2m.

TAXABLE PROFIT rose £45,000 to £483,000 at retail furnishers Henderson-Kenton for the six months to September 30, 1976. Sales advanced from £7.34m. to £8.68m.

The directors say that record sales were achieved in the third quarter with increases well in excess of those shown for the first six months. Trading activity remains good, although current sales are not expected to achieve the exceptional levels reached for the comparative period of last year.

They anticipate that the group will show a modest increase in pre-tax profits for the year. Stated earnings per 20p share were higher at 4p (3.3p) and the interim dividend is lifted to 1p net (0.8p). Last year payments totalled 1.98p from profit of £1.88m.

Setback for ML Holdings

AN INDUSTRIAL dispute lasting 20 weeks adversely affected the performance by engineers M.L. Holdings for the half year ended September 30, 1976. Turnover fell by 10.76 per cent. compared to some £72,000 in 1975-76.

In 1976-75, unrealised exchange gains were transferred to capital reserves and realised exchange losses were treated as an extraordinary item. The directors consider that fluctuations in exchange rates have been a permanent feature of the group's overseas operations and they have therefore decided to adopt the new accounting policy of showing both profits.

The directors say that, apart from this, they anticipate normal trading results for the year. The company is now in negotiation for substantial contracts, mainly in the export field.

The interim dividend is held at 10.15p net per 25p share. In 1975-76 total payments of £3,486.5p was from profit of £381,662.

Turnover, representing valuation of work done during the last six months, was lower principally because of the comparable amount of 1975-76 included significant export contracts, the directors explain. The profit figure is related to contracts completed during the half year.

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Hickson & Welch sees increased profit

HIS annual statement to shareholders of Hickson and Welch (Holdings), chairman, Mr. Harrington, says the company made a better start to the year than it did last time. The chairman also says he again forecasts that the year will be higher.

Stresses, however, that it is to be unrealistic to expect the 70 per cent leap forward.

Although the excellent results achieved seem to deny it, the upturn in the world chemical industry never got properly under way and, "few, if it is to do so in 1977."

It has been success in trading business where profits are much less dependent on surges, or recession in the economy. The effect of this, however, is that a very secure base is that the dramatic falls in profit are not expected to be as dramatic as the year's results are particularly good."

Chairman says there has no real room in the chemical industry, but with the exception of chemicals for agricultural use there has been general demand for the products. As a result the year's unused capacity increased last year was largely taken.

Dr. Harrington expects the higher capital expenditure to lead to somewhat increased borrowings, but he is satisfied that the present financial arrangements are more than adequate to meet the increased demands. Last year there was a demand for the production of over 1,000,000 units, the group was reduced by 51,930 to 23,300, with the major being in the U.K. In the year ended September 30, 1976, group sales rose from

BOARD MEETINGS

The following companies have notified the dates of Board meetings to the Stock Exchange. The meetings are usually held for the purpose of confirming dividends. Official indications are not available, whether dividends concerned are to be paid in cash and the amount shown below is based mainly on last year's timetable.

TO-DAY

Amesbury-James Austin Steel, Fashion and General Investment, Graham Investments, James Peat, Macarthur's Pharmaceuticals-Almond Manufacturing and Chemicals, Industrial Plastics, Kestrel, C.G.S.B., Pilkington, Engineering Holdings, Lourdes, Marks Bros, Standard Trust.

MONDAY

Howard Sherriff, James Austin, Trust Feb. 13, 1977.

Properties Security, James, Feb. 13, 1977.

Telecom, Feb. 13, 1977.

Turner Construction, Feb. 13, 1977.

Finals.

AMERICAN

Amesbury-James, Feb. 13, 1977.

General Investment, Feb. 13, 1977.

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BIDS AND DEALS

Whitecroft forecasts £4.85m. before tax

The share price of Whitecroft soared 8p to 135p yesterday following a forecast that pre-tax profits for 1976-77 would amount to £4.85m. compared with £3.09m. the previous year. The turnover would amount to £52m. against £43.5m. and that the total dividend for the year would be 12p per share.

The current share price compares with the cash offer of 122p per share from Hanson Trust which Whitecroft chairman, Mr. Ernest Gould, says would leave Whitecroft shareholders "considerably worse off than staying with the company and taking the recommended increased dividend, approved by the Treasury in the context of the bid."

TAKEOVER TALKS

AT CARRS

A £22.000 bid could be on the way for Carr's Milling Industries, the flour-milling and starch group.

West Cumberland Farmers, a Co-operative Society with about 22,000 members, said it had made an approach to the company "which might or might not lead to an offer" of 45p a share.

The announcement came in view of the recent movement in the Carr's share price. In the last five working days it has risen 7p to 37p. To-day's announcement sent the shares even further ahead to stand at 43p.

West Cumberland Farmers, which claims to be the largest agricultural co-operative in the U.K., admits that it has "an existing trading relationship" with Carr's. In 1975 it reported a pre-tax profit of £1.5m.

Carr's said last night that negotiations were continuing and any firm offer would be conveyed to shareholders.

GENTING MAY BID FOR GOLDEN HOPE

Genting Highlands, the Malaysian casino and hotel company, which blocked the plan of Harrisons and Crosfield for the merger of its three plantation companies last month, is ready again to foil the new Harrisons' merger plan through an outright cash bid for Golden Hope.

Confirming this yesterday, Genting's chairman, Datoh Ibrahim Mohamed, said the company had

secured agreement from a consortium of 11 banks to provide loans totalling Ringgit 160m. (£37m.) needed for the bid. This implies a price of 95p compared with 86p up 3p in the market yesterday.

It is significant that about half of the proposed credit facilities are being provided by bank Bumiputera and Malayan Banking, the two banks controlled by the Malaysian government.

Several directors of Gentings, and their financial adviser, Mr. Malek Merican, the managing director of Asean Merchant Bankers, are now in London. They are expected to announce details of the cash offer within a few days.

A spokesman for Daring Brothers, advisers to Harrisons and Crosfield, said yesterday that no offer had been communicated to the Board of Golden Hope. He anticipated that the two sides would meet in the next few days.

LONDON CITY AND WESTCLIFF

In accordance with the provisions of the trust deed constituting the £1.5m. capital, the loan Stock 1983/85, now held by the holder of a majority of the Ordinary shares London City and Westcliff Properties will be offered to the holders of their holdings of this issue at par.

Notice to individual shareholders will be issued as soon as possible.

DUNFORD ABOVE EXPECTATIONS

Coinciding with a sharp 9p jump in Dunford Elliott's share price to 53p yesterday, attributed to rumours that an alternative bidder to Johnson Firth Brown is in the wings, Mr. Frank Welsh, chairman of Dunford, has again written to shareholders urging rejection of the JFB offer.

Mr. Welsh writes: "Your company is now performing extremely well and profits so far are better than forecast. The substantial investment in new plant is now paying off handsomely. Our markets have come out of a recession and are continuing to be strong."

The directors of Spear and Jackson yesterday stated again that the offers are quite unacceptable and shareholders should again ignore them.

NEWS ANALYSIS — PENSION FUNDS

Milestone on the track

BY CHRISTOPHER HILL

THE BID by the British Rail Pension Fund for Standard Trust, in the Touche Rattray group, is a milestone in the history of the investment trust business. The bid, worth £30m. comes six months after a wave of criticism of investment trusts which centred on the disparity between the market values of the trusts and the asset values of their underlying portfolios.

At one time in the bear market discounts on asset value rose to 40 per cent, and there was widespread feeling that this was more than a temporary situation and that there needed to be fundamental changes.

Various proposals included converting the investment trusts into unit trusts—thus giving shareholders the net asset value of their holdings—or merely liquidating the companies, which would amount to approximately the same thing. Alternatively, it seemed advantageous for institutions with heavy cash flows to take over investment trusts, thus securing themselves large holdings in equities which might otherwise be difficult to acquire in the stockmarket.

Resentment

There was resentment by investment trust managers to this criticism since, in effect, it was aimed at the very essence of the existence. Their felt that in most cases unitisation and liquidation was not an effective answer, because after repairing the prior charges on the trusts in addition to the contingent capital gains tax liabilities and the surrender on the dollar premium for overseas holdings, the returns to shareholders might not be so attractive.

They also felt that the situation was temporary and insufficient attention was being paid to their successes in the investment field—for example, the relatively high proportion in overseas stocks and the potentially valuable in North Sea oil.

What they had to add was that their rating in the eyes of individual investors had declined. At one time the individual voted frequently for an investment trust as a preferable alternative to a unit trust. But during recent years individual holdings have declined (some major groups admit that up to 60 per cent in value of their trusts is held by non-individuals) and the institutions now dominate the field.

There is also a general feeling that institutions are no longer so keen on investment trusts as a way of getting overseas exposure, having built up their own expertise in overseas markets, and present a danger to investment trusts. One reason for this is that they might welcome the chance to get asset value on their holdings: another is that the investment trusts overplayed their hands in the bull market of 1972 by making too many new issues of stock.

The oversupply of stock in the investment trust field continues to have its effect. The situation came to a head in 1975 when the investment trust shares normally the leaders in a rising market failed to respond to the general resurgence of shares.

This did not go unnoticed, and even the most stalwart conservatives in investment trust management admitted that there were too many trusts and a some rationalisation was needed.

Although there were a number of unitisations and takeovers

last year, they have not amounted to much and investment trust boards have found it reasonably easy to resist unwelcome moves.

The British Rail Pension Funds bid is different, for it is by one of the big battalions and cannot be brushed aside as frivolous. It is also for a leading investment trust rather than one of the smaller trusts which leaders of the industry most wish to be reduced. The last bid on its scale was the one by Guardian Royal Exchange for Metropolitan in 1974 which was worth about £35m.

Cash flow

It will be interesting to see whether the BRPF will produce a chain reaction of bids. A significant point is that, with the accent on funding its pension schemes, BRPF now has a very large cash flow of £150m. a year in relation to its total market value of £650m. and seems to be approaching the bid in a cold-blooded fashion.

It selected Standard from a choice of about 15 others on the basis of certain criteria—such as its relatively high proportion of U.K. blue chips. There seems to have been little in the way of pre-bid tactics for the Board of Standard only seems to have been contacted over the past week and will be making an announcement after to-day's meeting. The immediate impression is that they believe the bid could be improved, but it cannot be brushed aside.

One can only wonder now who the other 14 possible candidates were, for, as one broker said yesterday, if he had been asked to select a list, Standard would not have been on it.

Barclays Bank Base Rate.

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 25th January, 1977, their Base Rate was decreased from 14% to 13% per annum.

The basic interest rate for deposits was decreased by 1.5% from 11% to 9.5% per annum.

BARCLAYS

BARCLAYS International

Reg. Office: 54 Lombard Street, EC3P 3AH

Reg. No. 48339 and 1026167.

MINING NEWS

Pilbara's poor labour record worries BHP

BY PAUL CHEESERIGHT

IN AN indictment of the industrial situation in the iron ore mining areas of Western Australia's Goldfield, the major Australian mining and industrial group, Broken Hill Proprietary, has confirmed the loss of 4m. tonnes of production over the last two months.

The period included a five-week strike at Mount Newman where BHP holds a 30 per cent stake and is in partnership with CSR, Amax, C. Itoh, Mitsui and Selection Trust. BHP stated that the situation had reached the point where it could not guarantee supplies to Japan, its major customer.

BHP's expression of concern comes at a time when the Pilbara's labour relations are becoming the subject of intense debate at international, national and state level.

A trade union delegation which includes the leader of the Australian Council of Trades Unions, Mr. Bob Hawke, and the Western Australian labour leader, Mr. Peter Cook, has left for Japan to allay the fears of Japanese business men about the security of their Australian iron ore supplies.

These fears have found increasingly vocal expression in recent months and prompted strong criticism from the Japanese Foreign Minister, Mr. Hayayama, in last week's ministerial talks between Japan and Australia. The threat that Japanese might increase supplies of raw material from other sources has been accepted by the Australian Foreign Minister, Mr. Andrew Peacock.

"If you were in Japan's position and there were other countries from which you could purchase what you naturally be looking at those if you found industrial unrest was causing difficulties in stability of trade with Australia," he said.

At the state level, the Western Australian Premier, Sir Charles Court, facing an election next month, is anxious to attract more investment to the state, has condemned the trade union delegation. He argued that it would only confuse trading relations and called it "an exercise in political mischief."

The unions are not prepared to offer any guarantees to the Japanese. Indeed Mr. Cook has already predicted that labour relations are going to get much tougher long-term."

The atmosphere on the Pilbara has apparently become less tens since the end of the Mount Newman strike last month. But indications have emerged since a strike at the Rio Tinto-Zinc group's Hamersley mine in September and October that the companies are preparing to adopt a harder line in their relations with the unions.

BHP were down 15 at 635p yesterday.

BOUGAINVILLE'S 1976 OUTPUT

Despite a fall in production in the December quarter to 42,000 tonnes of contained copper in concentrates, the Rio Tinto-Zinc group's Bougainville mine in Papua New Guinea has done better over the full year.

The December quarter's production figures bring the 1976 total to 176,519 tonnes, up from 172,519 tonnes. The respective total for 1975 was: 31,086 tonnes and 172,477 tonnes.

During the past year the average gold grade of the ore was just under 0.8 grams per tonne compared with 0.92 grams in 1975.

Bougainville's profits for the year are due next month. The half-year results showed net earnings of Kina 22.55m. (51.819m.) compared with Kina 19.22m. in the first six months of 1975 and an unchanged interim of 5 toea (3.6p) was declared.

It is reported from Manila that President Ferdinand Marcos has ordered the release of funds to provide assistance to domestic

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Financial Highlights

in millions of US-Dollars

as per the end of the financial year (September 30)

	1975/76	1974/75	1973/74
Balance Sheet Total	4,513	3,664	2,220
Loans, Advances and Deposits with Banks	1,909	1,314	1,065
Loans and Advances with Customers	2,143	2,167	997
Credit Volume	2,576	2,497	1,352
Capital and Reserves	68	38	29
Profit for the Financial Year	18	15	9

Including allocation from the year's net profit, capital and reserves now amount to US\$86 million.

RECENT ISSUES

EQUITIES

Issue	Price	High	Low	Stock	Dividend	Yield	Yield	Yield	Yield
Rollan Warrants	362	362	350	1,000	14.10	14%	14%	14%	14%
U.S. Technequarts	229.5	229.5	214	1,400	1.00	1%	1%	1%	1%

FIXED INTEREST STOCKS

Issue	Price	High	Low	Stock	Dividend	Yield	Yield	Yield	Yield
Adam Foods	14.61	14.61	14.40	1,000	1.00	7%	7%	7%	7%
Adriatic Mort. 1985	100.5	100.5	100.0	1,000	1.00	1%	1%	1%	1%
Adriatic Mort. 1983	100.5	100.5	100.0	1,000	1.00	1%	1%	1%	1%
Amex 1976	107.1	107.1	106.0	1,000	1.00	1%	1%	1%	1%
Amex 1976	106.0	106.0	105.0	1,000	1.00	1%	1%	1%	1%
Amex Water 1982	98.0	98.0	97.0	1,000	1.00	1%	1%	1%	1%
Mid Kent Water 1982	102.0	102.0	101.0	1,000	1.00	1%	1%	1%	1%
Technic Industries 1982	98.0	98.0	97.0	1,000	1.00	1%	1%	1%	1%
Willis Faber & Fawcett	75	75	74.0	1,000	1.00	1%	1%	1%	1%

INTERNATIONAL FINANCIAL AND COMPANY NEWS

David Curry in Paris and Geoff Owen in London examine the implications of the Case/Poelain deal for the European construction equipment industry.

The U.S. challenge yet again

One of the jewels of the French engineering industry acknowledged to be the world leader in its field, is to be rescued from financial disaster by an injection of cash from an American multinational, Tenneco. As if this was not galvanising enough for the French, the problem has arisen, not in a high-technology field like computers where American superiority is well-known, but in an industry which Europeans virtually invented and continue to dominate.

The company concerned, Poelain, builds and sells hydraulic excavators on a scale which dwarfs that of late-comers like Caterpillar, Massey-Ferguson and Ford. The fact that even in this branch of engineering the outstanding European specialist has run into trouble is bound to revive anxieties—and not only in Paris—about that old spectre—le défi Américain.

Ability to compete

Construction equipment, of which hydraulic excavators are a part, is precisely the sort of industry in which Europeans, to borrow a phrase from the Ryder Report on British Leyland ought to be able to compete. Yet many people in the trade believe that the big North American companies, with their financial resources, worldwide marketing strength and comprehensive product range, will over the next decade or so absorb or eliminate most of the European independents, except those specialising in niches of the market where volume is too small to attract the giants.

It is this prospect which lies behind the periodic attempts which are made to restructure the British-owned construction equipment makers. The Poelain affair may give a fillip to the talks which the Department of Industry has been having with the principal firms, although the management and financial obstacles in the way of full-scale rationalisation are probably insuperable.

The American challenge has become stronger in the past few years, for two reasons. First, those companies which have been well established in Europe for many years have extended their range into segments of the market where the Europeans have traditionally been strong. Caterpillar, for example, introduced its own range of hydraulic excavators, a market dominated by Poelain and two German concerns, Orenstein and Koppel (O and K) and Liebherr. The same company brought in a range of small crawler and wheeled loaders, sourced in Japan. These new products, backed by the legendary Caterpillar dealer network, are certain to make an impact; as one rival comments, "when we can't get detailed statistics on a market, we just assume that Cat has at least 50 per cent of the business."

Second, the other North American companies which had been mainly interested in farm machinery, or which were slow to get themselves organised in Europe, have begun to move. Massey-Ferguson, for instance, made a big commitment to construction equipment in the 'sixties (a new plant was built in Italy), but the purchase of Hamo in 1974 has greatly enhanced its competitive position.

These companies are formidable, but once they have set their minds on a certain objective, they are hard to stop. An example is has done. The success of this a double-A rated U.S. name. In the speed with which J. I. Case, firm is based on the backhoe loader, a remarkable entrepre-

to become Poelain's partner, is a neural triumph by the founder, making up for lost time in the Mr. Joseph Bamford. But it is the backhoe loader market—a busi-ness which Case dominates in the volume segments of the market. J. C. Bamford has over half (the first four of the seven products listed in the table) and is strongly placed throughout Europe (especially France), but dealers, Case, with a new product and a streamlined sales network, is these segments is becoming more crowded; there is speculation that the mighty Caterpillar range of equipment and factories may decide to introduce a back-

hoe loader.

There are a number of companies with a strong regional base—Akerman in Scandinavia with hydraulic excavators, for example, and Weatherill in the U.K. with loading shovels—but the jump to international dimensions is not easy. Apart from Fiat, there are several companies, such as O & K in Germany and Volvo in Sweden, which have the resources to do it, but it would not be surprising to see some further realignments taking place. In 1976 Volvo made an agreement with Poelain to sell each other's construction equipment in certain markets, but this will presumably be overtaken by the new Case-Poelain partnership.

Rationalisation

Within the U.K. the theoretical attractions of rationalisation are obvious. Aveling Barford, for instance, the Leyland subsidiary, has a good overseas network and a strong position in dump trucks and graders; it recently moved into crawler loaders by buying Marshall Fowler. With National Enterprise Board behind it, it should not be hard to add hydraulic excavators to its range by buying Friesland from Aveling or Hymac from Powell Duffryn—although the owners were willing to sell? Other permutations, using J. C. Bamford as the nucleus, could be devised. Even if the practical problems could be overcome, it is not clear that a reshuffling of the pack inside the U.K. would necessarily lead to a stronger world position.

The third option is to fight on a narrower front, aiming at such excellence in one or two selected products (like Poelain's in hydraulic excavators) that a follow-up world market position can be achieved and held. In the U.K., for instance, Hymac, the Powell Duffryn subsidiary, has about a third of the hydraulic excavator market. After the recent agreement with Demag, the beaver



Poelain excavator

in several countries—Leeds for hoe loader. J. C. Bamford, still assembling crawler loaders and a family-owned company, has dozers, Vlazmon in France for considerable financial strength, but it remains small by world standards.

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EUROBONDS

Beneficial notes

BY TONY HAWKINS

BERLIER, the heavy struck scarcity of high-quality U.S. corporate paper, and Beneficial will give these investors an opportunity to invest in a group with a strong Double-A rating from both agencies, though denominated in Canadian dollars.

In the Swiss Franc sector, the Copenhagen Telephone Co. Dillon Company as lead manager. Pricing is on February 7.

Reflecting the current unsettled mood of the secondary market, the coupon at 9 per cent is higher than the 8½ per cent that was being quoted last week, but at the same time, the size of the issue is some Can.\$10m. more than anticipated.

The Can.\$25m. International Harvester Credit Corp. 6-year notes, priced at par on an 8½ per cent coupon, traded yesterday at around the 98 level. This gives some indication of the current difficult mood of the bond market as a whole—and of specialised items; this is the approach followed by Babcock and Wilcox in the U.K.

The Beneficial issue, coming at 9 per cent over 7 years, has the important advantage of being the speed with which J. I. Case, a remarkable entrepre-

ur to meet the challenge of the secondary market trading of dollar bonds yesterday though in the day dealers noted a decidedly easier tone. This was attributed to the strength of the U.S. dollar, sparkling off sales in the continent, further upward pressure on Eurobond deposit rates, and some diversion of funds by continental investors into U.K. gilt.

BONDTRADE INDEX

Tuesday Monday
Medium 102.55 102.55
Long 94.70 94.70
Convertible 109.82 110.01

Improvement at Berliet

By Robert Mauthner

PARIS, Jan. 25.

BERLIER, the heavy truck subsidiary of the State-owned French Renault motor-car company, has announced encouraging financial results for 1976, in spite of a slight fall in production.

Provisional pre-tax sales rose by nearly 10 per cent on a year-on-year basis to nearly Frs.4bn. (about \$470m.) while production dropped to 23,900 vehicles compared with 23,975 in 1975.

The financial situation of the company showed an encouraging improvement, with the wiping out of debts amounting to Frs.400m., which brought Berliet's total indebtedness down to 25 per cent of turnover.

The self-financing ratio—six per cent of sales—was also the highest for a long time, according to M. Vincent Grob, Berliet's chairman, who said that this figure was similar to that of some of the company's major foreign competitors such as Mercedes and Fiat.

M. Grob took a cautious view of prospects for the coming year. While the company looked forward to a modest resumption of activity, notably in export markets, where sales fell by 33 per cent last year, its projections remain very prudent. Production in 1977 was unlikely to exceed last year's level.

Nevertheless, Berliet gave proof of its generally optimistic long-term view by announcing its intention to raise investments to Frs.350m. this year from only Frs.100m. in 1976.

THE MAIN CONTENDERS AND SOME OF THEIR PRODUCTS

THE NORTH AMERICANS	Backhoe leaders	Crawler leaders	Wheeled leaders	Hydraulic excavators	Heavy dump trucks	Graders	Scrapers
Caterpillar							
Int'l. Harvester							
J. I. Case (Tenneco)							
Ford							
Massey-Ferguson							
John Deere							
Clark							
General Motors							
Euclid (White Motor)							
THE EUROPEANS	Backhoe leaders	Crawler leaders	Wheeled leaders	Hydraulic excavators	Heavy dump trucks	Graders	Scrapers
Fiat-Allis							
Volvo							
O and K							
Liebherr							
Poelain							
J. C. Bamford							
Aveling Barford (Leyland)							
Hymac (Powell Duffryn)							
Priestman (Acrow)							

Note: This list, which is not comprehensive in terms of companies or products, illustrates the competitive situation in some of the main sectors. There is a wide range within each sector, so that in wheeled leaders, for instance,

companies may specialise in the heavier machines and not compete directly against those offering only the smaller equipment.

* Daimler-Benz has signed a letter of intent to buy Euclid from White Motor.

Why Poelain faltered

PARIS, Jan. 25.

TO-DAY'S agreement for the American manufacturer Case-Tenneco to take a 40 per cent

stake in the capital of the French family-dominated company Poelain marks the end of the French concern's search for partners to fill its chronic capital deficit. It also marks the end of the second stage in the career of a company which within one generation catapulted itself from being a small provincial operation with a sound engineering background to a global enterprise.

Poelain, Europe's largest manufacturer of hydraulic excavators, fell a victim to its own success, the economic recession which was particularly severe in the one sector which was all important to the group—building and public works—and failure to adapt its capital structure to match the rapid expansion of its activities.

Up to then the main competition from a technical point of view had come from the German manufacturers, Orenstein and Koppel (O and K) and Liebherr.

The Americans, with their marketing and financing power, began to take an interest in the hydraulic field in the 1970s.

International Harvester bought the French concern Yumbo and Ford acquired Richter, giving these French groups the support of an international sales network, at the same time as U.S. companies like John Deere, International Harvester, Koehring and Caterpillar, were cutting into the American hydraulic market.

In Japan too, Poelain came under pressure from local manufacturers.

In 1973 and the decline in the value of the dollar hurt Poelain's competitiveness severely. Ironically, the recession hit Poelain just at the time when it was launching a new range to maintain its technical lead over competition.

Up to then the main competition from a technical point of view had come from the German manufacturers, Orenstein and Koppel (O and K) and Liebherr.

The Americans, with their marketing and financing power, began to take an interest in the hydraulic field in the 1970s. International Harvester bought the French concern Yumbo and Ford acquired Richter, giving these French groups the support of an international sales network, at the same time as U.S. companies like John Deere, International Harvester, Koehring and Caterpillar, were cutting into the American hydraulic market.

In Japan too, Poelain came under pressure from local manufacturers.

It is easy to say that Poelain should have seen trouble ahead in the heady years of rapid growth. It knew it depended heavily on a single sector of the market, it knew its financial resources were inadequate, it knew its market was cyclical. To a extent it was a family concern and wanted to protect the family shareholders, certainly inhibited serious examination of the broadening of the capital base.

Yet it must be remembered that until three years ago Poelain was a high flyer, which was better at the end of 1976 but still unacceptable high. Factories in France capable of an output of 6,000 excavators a year produced 5,000 machines in 1975 and 4,000 in 1976—all on a full complement of manufacturing staff.

The recession also cruelly exposed the weakness of the company's financial structure, the inadequate volume of own capital and reserves. In 1972 own capital and reserves stood at just below Frs.170m., while long and medium-term debt stood at Frs.77m. and short-term debt at Frs.475m. In 1974 own capital had edged upwards to Frs.185m. while medium and long-term debt had moved to Frs.95m. and short-term debt had rocketed to Frs.960m. At the end of 1975 debt was about the same but medium and long-term debt had remained about the same but medium and long-term debt had shot up to Frs.254m.

On a consolidated basis the

had reached Frs.1.32bn. of which

Fr.821m. came from exports.

These years saw a furious

sprint for world status. Turn-

over went from Frs.56bn.

in 1973 to Frs.105bn. by 1975.

Poelain seemed ordained by

commercial gods to increase its

turnover by an average of 25

per cent a year, and the cash-

flow generated enabled the com-

pany to finance a world-wide

expansion largely from its own

resources of its great money-

spinner, the TY45 excavator.

But perhaps 1967-68 should be

seen in another light, not just

as a transfer of management.

In 1968 Poelain was af-

flicted by industrial trouble.

The unions, under ne-

cessant strikes, occupied the

factories. The Berliet

FINANCIAL TIMES REPORT

Wednesday January 26 1977

Isle of Man

The Isle of Man has put to good advantage its unique political and economic status. Careful avoidance of known pitfalls has produced a sound and flourishing financial sector, backed by tourism and other industry.

Fine sense of balance

By Colin Inman

THE JOURNEY from London to the Isle of Man in the middle of winter is likely to stir up all one's prejudices about the place. The trip involves changing aircraft at Liverpool on to an ageing Viscount, which bounces its way into Ronaldsway Airport in the teeth of a wind that has come on an uninterrupted journey from the polar ice cap. During the flight one comes to believe the popular mainland view of the island; that, stuck in the middle of the Irish Sea, it is a cold and inhospitable place; that its financiers will be busy counting their money and looking for the next fast buck; and that it is populated by ex-colonials and others of right-wing persuasion, people anxious to remain in the British Isles while dissociating themselves as far as possible from the ailing U.K. economy, yet at the same time taking advantage of the island's low taxes.

None of these preconceptions is without truth, but the face considerable; a range of scenery one in all senses than I had been led to expect. The pace make you imagine you are visiting the Cornish coast, the Lake District, the Yorkshire moors or the Scottish Highlands. To say nothing of adequate sandy beaches, pleasant fishing villages and a great splendour of spectacular scenery in a Georgian and Victorian seaside architecture, much beloved of the Poet Laureate. It is a matter of regret to the Tourist Board that most visitors only see what the island has to offer from the windows of an excursion coach.

Fairly conveniently anyway. The island's sea links with what I hesitate to call the mainland are adequate, the air service less so. There are few direct flights to the island in winter, and the air fare—£42 return London to Douglas—is a source of great concern. Talks with the airlines have so far failed to make much headway, and the island suffers the additional disadvantage that its air services connect with Liverpool rather than Manchester. The latter links into the international air network, the former does not.

Priority

Solving this problem is a major priority because efficient communications are essential to both tourism and the financial sector, particularly since during recent years the tourist industry has failed to make the sort of profits needed to allow for adequate investment.

Around 500,000 visitors arrive in the Isle of Man each summer season, a number that does not overstrain the island's capacity present arrangement, which provides about half the Treasury

And the physical attractions are considerable; a range of scenery that within a few miles can make you imagine you are visiting the Cornish coast, the Lake District, the Yorkshire moors or the Scottish Highlands. To say nothing of adequate sandy beaches, pleasant fishing villages and a great splendour of spectacular scenery in a Georgian and Victorian seaside architecture, much beloved of the Poet Laureate. It is a matter of regret to the Tourist Board that most visitors only see what the island has to offer from the windows of an excursion coach.

A report commissioned by the Government and published last year recommended that the island abandon the agreement and set its own levels of duty. Cheaper drink and tobacco would attract more tourists, relieving the tourism sector of the burden of VAT and allowing it to make the profits necessary for much needed modernisation and expansion.

Publication of the report, which received a mixed reception from the various sectors of the island's economy, was well timed for the issue to become the main election issue. Just over half of the 71 candidates for the 24 seats in the House of Keys appeared to be in favour of altering the CPA. But as the election results came in it became apparent that voters had effectively rejected many of the report's proposals and that the new House of Keys would not take any precipitate steps without more information and fuller discussion. A select committee is likely to be appointed to investigate the matter.

In the 18th century the Isle of Man was known as a nation of smugglers. Manxmen seem to be in no hurry for the same thing to happen again.

revenue, would create a customs barrier between the Isle of Man and the U.K. What, then, if the bound to be essential to the would be uneconomic to operate a balanced economy that the island needs to maintain. And such a system at some of the although manufacturing's connecting ports? (The Isle of Man has regular sea links with Liverpool, Fleetwood, Ardrossan and Llandudno, as well as Belfast and Dublin.)

The island's industrial sector is naturally unhappy at the prospect of long delays for its goods, which would have to undergo U.K. Customs examination. And although industry's share in the Manx income has declined during recent years, as that of

the largest sector of the economy at around 25 per cent of national income, that is most disposed to alter the relationship with the U.K. The PA report, which makes a lot of political judgments in what is supposed to be an economic assessment, points out, in referring to the need of island business to make VAT returns, that business records are stored in a computer at Southend under U.K. supervision and remarks that "No financial centres can in the longer term afford to bring only financial records of banking and insurance institutions supervised by agents of a foreign government".

A report believes that this has made it more difficult to attract foreign funds. By any standards this is a provocative point of view, and it says much for the common sense of the Manxman (who has a reputation for being unenthusiastic about change) that no one I met was prepared to say more than that some renegotiation of the Common Purse is needed.

Environs

Although there are those who cast envious eyes at the financial activities of the Channel Islands—whose transport links with the U.K. are also much better and who would like to see the island's financial centre growing rather faster, there is generally accepted that the Isle of Man has adopted or been forced to adopt. The island has avoided the worst effects of the tax haven boom in the Caribbean in the early 1970s, and there has as yet been no need to thrust upon them the balance.

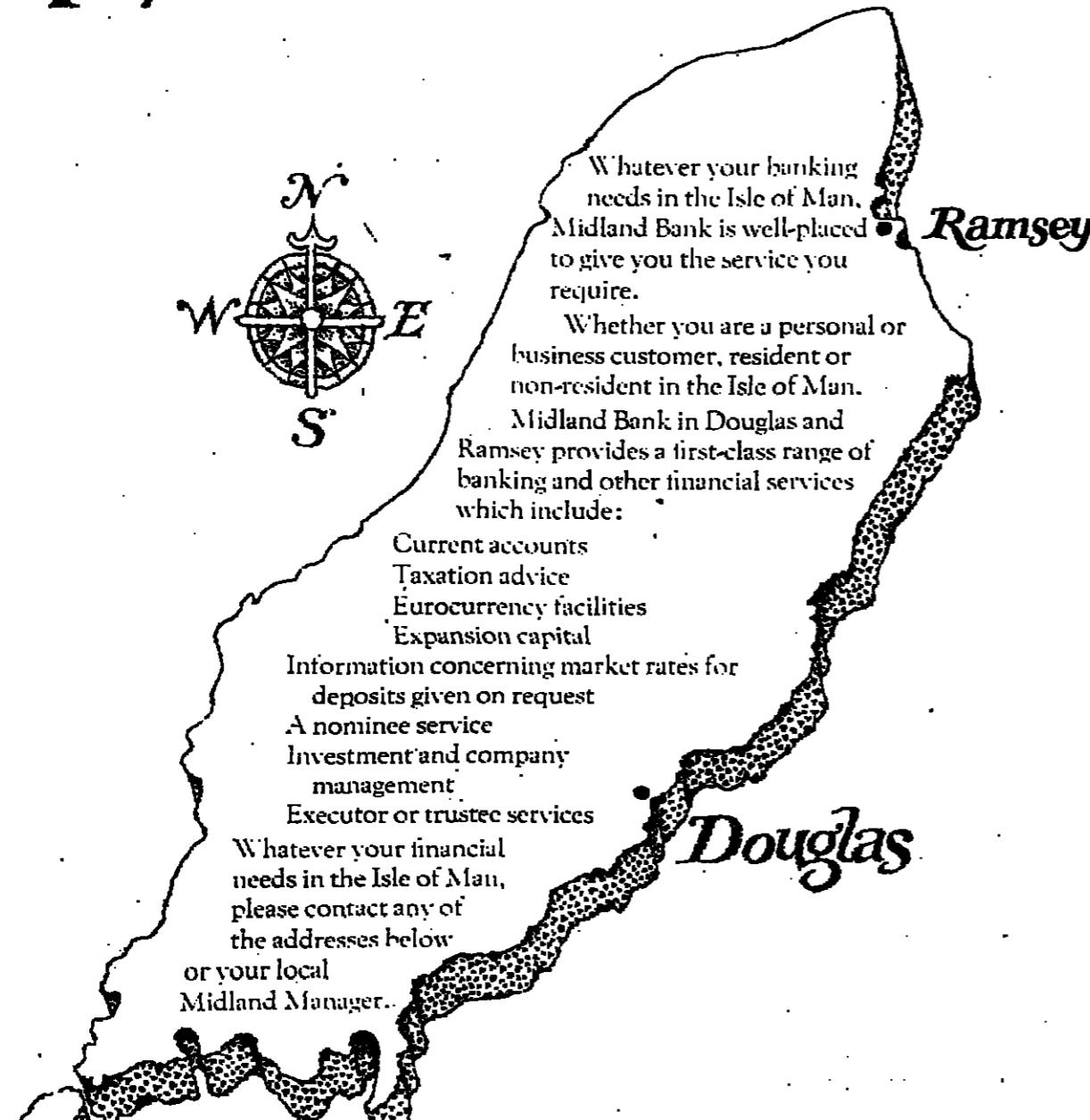
Marine Broadcasting Offences Act 1967, banning pirate radio stations, was a particular cause to create a two-tier housing market to control the population of annoyance—and that Whitelaw growth, as in Guernsey, half often fails to consult the island Government on international matters. The U.K.'s view on this latter point is that it would not wish to suggest that there is an option open to the island which does not in practice exist.

Deterrent

Embarrassments do, of course, occur. One is the island's barbaric habit of birching juvenile offenders. The islanders, I was assured, are 90 per cent in favour of retaining the birch and most of them are convinced that its deterrent effect is responsible for the island's low crime rate—not that there are any statistics available to prove this one way or the other. The issue, a three-cornered debate between the island, Westminster and the European Parliament, seems to be passing through a number of true British compromises, and no doubt a solution will eventually be found.

But this is a matter that should not be allowed to cloud more serious issues. Operation of a tax haven within the British Isles, particularly in difficult economic times, calls for a delicate balancing act if it is to remain acceptable to a Labour administration in the U.K. while at the same time attracting the necessary financial business from the U.K. and overseas. So far the Isle of Man seems to have kept the balance.

Midland Bank Group can help you in the Isle of Man



Midland Bank

Midland Bank Group in the Isle of Man includes:

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Assistant Manager: A. Elliott

Midland Bank Limited
St. Paul's Square, Ramsey
Isle of Man
Telephone: Ramsey 814000
Manager: S. T. Sillie

Midland Bank Trust Corporation
(Isle of Man) Limited
PO Box 39, 10 Victoria Street, Douglas
Isle of Man. Telephone: Douglas 23118/9
Telex: 628037
Director & General Manager: D. G. Foster
Manager: G. R. Thompson

ISLE OF MAN GOVERNMENT

SCHEMES OF FINANCIAL ASSISTANCE FOR TOURIST ACCOMMODATION

SCOPE

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MAXIMUM ASSISTANCE

- 40% GRANT of the total cost.
- Long term Loans of up to 50% of the remaining cost.
- Interest-free initial period on loans.

Assistance is also available by way of grants and/or low-interest loans for extension and modernisation of existing tourist premises.

FURTHER INFORMATION

The Secretary

Isle of Man Local Government Board

Government Offices

Buck's Road

DOUGLAS

Isle of Man

Telephone DOUGLAS (0624) 26262 ext. 2413

ISLE OF MAN POST OFFICE AUTHORITY

PHILATELIC BUREAU, P.O. BOX 10.M., DOUGLAS, ISLE OF MAN.

On the 1st of March, 1977, to commemorate the Silver Jubilee, three attractive stamps will be issued.

In addition to their beautiful definitive series depicting views of the Island, four commemorative issues are made each year.



For information on these, subsequent issues for 1977 and our other philatelic services, please write to the above address.

INFORMATION PACKAGE on the promotion of INDUSTRIAL DEVELOPMENT

The Government of the Isle of Man is committed to industrial development. Its development criteria are enlightened, and its discretionary systems of financial support for approved manufacturing projects are extremely effective in encouraging new investment.

Full details are set out in a specially prepared information package.

Contact:
The Industrial Office, Buck's Road
DOUGLAS, ISLE OF MAN
Tel. 26262; ext. 2400/1

Which Isle of Man will you come and see?



To: K. B. Bond
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Please send me my free colour holiday book.
Name _____
Address _____

FREE
112 page colour
Holiday Book.
A Golden Ball Island

Insurance problems? then contact Bowring

The tougher things are, the more business, trade and industry turn to us for solutions to problems of insurance. As a result, The Bowring Broking Group is currently placing premiums in excess of £500,000,000.

There are several reasons why. One is the world-wide and comprehensive service we offer in insurance and reinsurance broking. It is a service which covers every aspect of insurance. But probably the most important reason is that because of our size and resources, our operation can respond with maximum sensitivity to the movements of world insurance markets. We are, therefore, able to obtain for our clients the best value for every insurance pound spent.

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DIRECTOR & MANAGER — MR. LESLIE DOHERTY.
A Member of The Bowring Group of Companies

Ken Cowley

THE ISLE of Man is a real ale country. By law only pure malt, hops, sugar and water can be used to produce a Manx beer. There are two breweries from which to choose—the Heron and Breamley Group and Castletown Brewery.

The Chairman of the Heron and Breamley Group, which includes Okell's Brewery, is Mr. Ken Cowley. A true Manxman, he is proud of the part his Group has played in developing not only the local brewing industry but tourism generally.

The group's brewing interests date back to 1857. It owns and controls over 70 pubs, is the biggest hotel group, and employs over 500 people, making it one of the largest employers on the Island. The H. & B. Group produces draught bitter and mild, a pale ale, nut brown and a strong ale. It is sole agent on the island for Guinness, Bass, Bulmers Cider and several other well-known labels.

Ken Cowley's son John is Manager and Director at Okell's Brewery and a recent addition to the main Board was Manxman Sir Douglas Clague.

There is no potential for export of Okell's ales, and the group's interests are tied largely to the future of the Manx tourist industry. "There is a need," says Ken Cowley, "for the Government to put more money into our tourist industry, including some improved grants for hoteliers." Probably, more than anyone else on the island he is conscious of the overall problems facing the tourist industry.

Although the Island's traditional market is the North of England and Scotland, "we have," he says, "to make every effort to attract people south of Birmingham: people who in many cases don't even know how to get here."

Two of the biggest attractions every year are the TT races and the Manx Grand Prix, and in the past he has been an active organiser and promoter of these events.

The waters around the island provide good fishing grounds and Mr. Cowley is a keen golfer and angler. "Last year was good but the big ones," he says, "extending his hands, "seem to be smaller, or perhaps it is just that the fishing stories are a little more honest."

Mr. Cowley is also a director of the Isle of Man Steam Packet Company, and the Royal's local subsidiary Tower Insurance. He is Deputy President of the Isle of Man Red Cross Society.

Robert Eason

SIR WALTER SCOTT once said "a lawyer without history or



Ken Cowley

Robert Eason

Dursley Stott

Percy Radcliffe

Sir John Paul

literature is a mechanic, a mere annual open-air ceremony dating back to the 11th century.

Some knowledge of these, he may venture to call himself an architect."

Sir Walter would no doubt have called the First Deemster of the Isle of Man, His Honour Robert Kinley Eason, an architect.

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His is chairman of Carrick Exploration, which has a licence to explore certain areas in the south of the island. "It is early days with this project," he says cautiously, "but the potential benefit to the Isle of Man could be considerable."

On a recent visit to the U.S. he was very impressed with the traded options market in Chicago. "I am disappointed," he says, "that the U.K. has decided, for the time being, not to have one. I think it is a mistake." He believes that all the free markets of the world will have traded options markets in the next few years.

In 1958 he ran in the Empire and Commonwealth Games. He took a law degree at Cambridge. When he returned to the Isle of Man in 1958 there were none of his former schoolmates around and little employment available for young Manxmen, and he was fortunate to be able to fulfil a long-standing ambition and join the family stockbroking business.

Although he does not fit the name of his own cricket team, "the Swashbucklers," which performs by invitation, one gets the impression that he has still a lot to do and a long way to go.

Percy Radcliffe

UNTIL ten years ago Mr. Percy Radcliffe was a man of the land. With his recent appointment as Chairman of the Isle of Man Finance Board, to-day he is probably the most powerful politician on the Island. His many other local businesses. His political career started in 1963

as Chairman of Manx and Overseas Investment Trust, a local

industrial conglomerate, and a director of Barclay's

International Isle of Man and building development.

As well as being the Island's leading stockbroker, Mr. Stott is involved in insurance, hotels, travel agents and many other local businesses. His political career started in 1963

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International Isle of Man and building development.

At 41, Dursley Stott is too

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FARMING AND RAW MATERIALS

Base metal markets decline

By Our Commodities Staff

THERE WAS a brisk shakeout in the London metal markets yesterday following the recent steady advance.

Copper cash wirebars ended a six-day run of advances with a \$4.25 fall to \$39.75 a tonne added by an easier tendency in New York. The sharpest decline was in the tin market, where cash standard metal ended \$30 lower at \$51.815 a tonne.

An overnight rise in Penang pushed tin prices up initially, but a sudden \$100-decile quickly wiped this out. Some fresh buying was encouraged at the lower level, but it took reports of heavy Russian buying in the afternoon to lift the market significantly. This attracted further buying before the close.

The lead and zinc markets were largely featureless and prices followed the trend in copper and tin. Cash zinc ended the day 20.5 lower at \$41.3 a tonne. Cash lead closed 2.3 down at \$30.45 a tonne.

In Tokyo, meanwhile, Mr. Akira Fujisaki, president of the Japan Mining Association, said producer and consumer nations should consider adopting a producer's price system for the world copper market to stop wide price fluctuations.

He told a news conference he preferred a producer's price system to the creation of a metal exchange in Japan, the establishment of a Tokyo warehouse for the London Metal Exchange.

These possibilities, which have been discussed in Tokyo, would be difficult to realise because foreign exchange transactions in Japan had not been completely liberalised while movements of interest rates were not entirely free in the Japanese capital market. Mr. Fujisaki said.

Development of new copper mines was not feasible at the present copper price levels so a serious copper shortage could emerge by 1985, he said.

Iron ore price rise needed in Australia

CANBERRA, Jan. 25. PRICE RISES to offset cost increases would be needed for any further significant expansion of Australian iron ore production capacity, the Bureau of Mineral Resources said.

Its latest quarterly review said that because of cost factors expansion would favour existing operators.

Nevertheless several new projects were proposed and specific conditions might arise which would tend to favour their establishment. Reuter

Britain going ahead with pig subsidy payments

By Peter Bullen

BRITAIN IS going ahead with the payment of its emergency subsidy of about £350 a pig to its pig farmers.

As the U.K. over the legality of the U.K. move grew yesterday Mr. John Silkin, the Minister of Agriculture, gave permission for the relevant farmers of the details of how the subsidy could be claimed for pigs slaughtered from next Monday.

Earlier he was visited by Mr. Finn-Olav Gundelach, the EEC Commissioner for Agriculture, who was starting his series of meetings with EEC farm ministers to discuss this year's EEC farm price review in London.

The Commissioner lost no time in pointing out that the payment of the pig subsidy was considered illegal by the Brussels Commission but that he hoped for a peaceful solution to the problem.

Mr. Silkin said it was intolerable that the continuation of the EEC's agricultural policy was seriously impeding the development of a "gross infringement" of the rules.

The Dutch Minister said he trusted that the Commission would take steps to avoid national measures thwarting and dismantling the agricultural policy.

Holland's concern about the proposed U.K. measure is to a large extent clearly attributable to the sizable Dutch exports to the housewife.

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STOCK EXCHANGE REPORT

Gilt-edged higher again on money market indications
Equities fade with index 0.1 off at 377.7 after 380.2

Account Dealing Dates
Option
*First Declara- Last Account
Dealing Date Dealings Day
Jan 17 Jan 27 Jan 28 Feb. 8
Jan 31 Feb. 10 Feb. 11 Feb. 22
Feb. 14 Feb. 23 Feb. 25 Mar. 2
*New date dealings may take place
from 9.30 a.m. two business days earlier

Money market signals of a further half-point cut in Minimum Lending Rate this week, and talk of a larger reduction before the end of the month, gave another fillip to short-dated British Funds, which closed with widespread gains to 1. Medium- and long-dated issues followed but in a more sedate manner with rises generally limited to 1, and the overall effect was to raise the Government Securities Index 0.14 to 384.58 after Monday's loss of 0.13.

Special situations, new, existing and reconstituted, were again prominent in equity markets, together with trading statements, provided the bulk of the day's more significant price changes. Equity prices otherwise were generally again on the downtrack, at first on marking down and further small profit-taking and, later, on lack of sufficient demand. Falls were seen in a comfortable (two-to-one) margin over rises in the FT quoted issues, but the FT Actuaries All-Share index lost only 0.1 per cent, to 181.89.

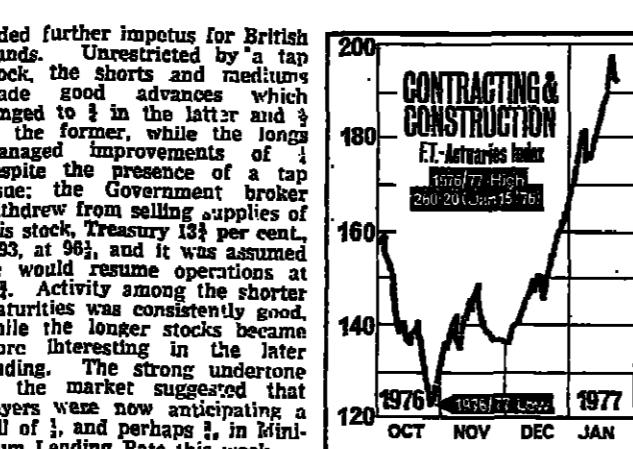
The trend in leading equities was measured by the FT 30-share index which was 3.7 down at both 10 a.m. and 11 a.m., and a net 2.1 up at 2 p.m. The market turned out to be the best of the day and the close was 0.1 off at 377.7 for a three-day loss of 9.3 over the previous six days.

South African issues turned weak in the turn for the week in the Rhodesian settlement talks and the lower investment dollar premium. Gold shares were depressed and the Gold Mines index fell 4.0 to 101.2, its lowest since last September, and 59 per cent down from its 1976-77 peak which was recorded on January 2 of last year.

Gilt-ups on MLR hopes

Increasing evidence that the trend towards lower interest rates is not over—yesterday the clearing banks cut their base lending rates and the coupon on the latest batch of Local Authority yearling bonds was sharply down—priced quietly in places. Sun Alliance added 3 to 431p as did BAA to 135p.

Apart from renewed interest in Gao, Sandeman, which pushed the price up to 35p, Breweries were quiet and little changed. Allied



Breweries fluctuated narrowly before finishing at the overnight level of 64p following the chairman's statement.

Norwest Holst continued to do well in Buildings, rising 4 more to 59p, after 85p on bid news. Econa added a similar amount to 34p following Price's comment on the 41 per cent cut for a net loss of 41p. Yesterday's 78.62 confirmed factor 0.7468 (7344). Astogastas Railway Company attracted fresh support and gained a point further to 194p, compared with the Deltex-LET investments offer of £17.

Banks dip and rally

Early losses ranging to 10 were soon recovered by the big four Banks during the course of the much busier trading that followed news of the 1 per cent reductions in base lending rates to 10.5 per cent. BAA, after touching 238p, finally closed a penny dearer at 239p, while National Westminster gained 3 to 230p, after 217p. Lloyds hardened a penny to 218p, after 209p, but Midland ended with a loss of 2 at 238p, after 217p. Overseas issues tended to rise for choice with Standard Chartered 5 off to 220p. Insurances edged up forward quietly in places. Sun Alliance closed 3 to 431p as did BAA to 135p.

Reyrolle claim fears

Opposition by the U.S. group, Applied Digital Data Systems, to bid for Milgo Electronics, the U.S. a rise of 10 to a 1976-77 peak of 6 on to 136p.

Wilkinson Match up

Secondary issues provided the main focal points in the Industrial sector yesterday. Speculative buying in a thin market helped little enthusiasm but the price rose 2 to 168p. Elsewhere, Siebens put

computer equipment manufacturer, Uniset Racal Electronics which at 263p, after 281p, lost 3 in its rejection of the Hanson bid approach helped Whitecroft up to 8 to 189p, after 140p. White Child and Bemey improved 14 more to 86p, for a jump of 15, on further consideration of the bid from Arthur Gurney and partner. Deltex, a thin market listed Robert McBride 5 to 175p. Clement Clarke added 4 to 48p, but lower profits left Capital and County Laundries 2 off at 371p. The leaders were dull at first but rallied later on the base rate announcements to close narrowly mixed. Unilever ended 6 down at 423p but Beecham were unaltered at 394p, after extremes of 369p and 388p.

Motors and Distributors closed little changed following a quiet session. Bouchan edged up 2 to 75p on the first-half profits increase, but trading news failed to 74p; the preliminary dividend announcement is expected to-day. CICB hardened a penny to 15 in front of to-day's preliminary results, while gains of 3 were seen in Blueline Bros, 37p, and Gainsford Lawrence, 22p. Lex Service was an erratic market, falling to 38p before rallying to close marginally better on the day at 40p on the cheaper lending rates.

Despite the previous day's bid from Polaroid, the U.S. its speculative supporters yesterday and the shares rose 4 to 94p.

In Newspapers, Thomson shed 3 more to 265p on light profit-taking.

U.S. interest in Oils

Reviewed American inquiries not only for British Petroleum, up 6 to 806p, but also for BAA and Ultramar gave Oils a slight fillip in the later trading and, following the new U.S. administration's clearance of the loan guarantees, Burmah improved 2 to 58p. Ultramar gained 4 to 140p. Shell were 2 to 168p, after 140p, while the continuing fall in the investment dollar premium lowered Royal Dutch 2 more to 340p following the agreed bid of 38p cash from Lourho.

Shipments closed with small gains following another light trade. P & O Deferred hardened a penny to 127p.

Scottish English and European Textiles responded to news of sharply higher first-half profits with a rise of 6 to 21p. Courtwells ended unchanged at 105p, after 104p, while Carrington 473p to a closing 2 hours 24p. In 473p, but the continuing fall in the investment dollar premium

lowered Royal Dutch 2 more to 340p following the agreed bid of 38p cash from Lourho.

South African industrialists closed with widespread falls, sentiment being undermined by the breakdown of the Rhodesian settlement talks. Edwards at 21p, gave up all and more of the previous day's rise of 3. Against the trend, re-

turning hopes of another fall in interest rates soon gave confidence to Properties, many of which traded briskly again. A report that bid was in the offing from speculative support to Haslemere Estates, up 6 to 181p, while rumours linking Eagle Star Insurance and Bernard Sunley increased and pushed the latter 8 higher to 101p, after 186p. Sunley was another active share.

Speculated Gold troubles had been resolved and the close was 34 dearer at 45p. Land Securities moved between 155p and 183p before settling a net penny better at 162p, while MPPC picked up 6 to 86p. Others worthy of mention included Rush and Tompkins, 4 firmer at 39p, and Berkeley Hamro, which rallied 3 to 73p.

Reflecting concern over the current impasse in the Rhodesian settlement talks, Lourho declined 6 to 74p; the preliminary dividend announcement is expected to-day.

CICB contrasted with a rise of 3 to a 1976-77 peak of 470p in front of to-morrow's interim report.

Standard Trust rose 10 to 125p, on bid approach from British Rail's Pension Fund; the company's Debenture issues were all marked sharply higher and closed 6 to 74p.

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CEGB offers regular orders from 1979

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CENTRAL Electricity Generating Board has reacted strongly to pressure from the steel manufacturing industry to place an order quickly for further coal-fired plant at Drax in Yorkshire.

Yesterday the Board released details of counter-proposals it has put to Government, under-taking to order new plant at a steady rate of two to three 650 MW sets annually for five years from the autumn of 1979 onwards.

But one of three crucial conditions attached to this offer is that the Board "need to be assured that the rationalisation of the manufacturing industry would be managerially, technically and financially viable so as to be able to build plant to time, to price and to performance specified," said Sir Arthur Hawkins, its chairman.

Sir Arthur acknowledged that the turbine maker C. A. Parsons, in particular, is pressing for a quick decision over Drax by the end of the year, implying compensation of £150m at current interest rates, plus inflation.

But the Board is anxious to establish that it is not against the Drax extension in principle, and sees it as an integral part of a plan discussed jointly with the National Coal Board for utilising an eventual output of 10m tons of coal from the new Selby mine nearby.

Questioned about the plight of those manufacturers currently lobbying for an early order, Sir

Arthur said that the Generating Board was not convinced that they were in such deep trouble as they were implying, although they undoubtedly had "too large a labour resource."

The counter-proposals amount to a forthright response to some rather sceptical comments in the Think Tank's recent report on the power plant manufacturing industry, which criticised the Board for failing to take enough interest in the welfare of its suppliers. It is understood that the final report was much less critical than earlier drafts had been.

But Sir Arthur said yesterday that the Board had always been "seized with the importance" of placing a steady load on its suppliers.

He stressed that it was the sudden increase in the cost of energy, and not over-ordering by the Board in the 1960s, as the Think Tank had concluded, which had precipitated the troubles of its suppliers today.

The Board saw no case for ordering a 1,300 MW prototype turbo-generator—another Think Tank proposal—until it could be justified by the load growth and could be marketed to a reactor of the same capacity.

Although in favour of mergers among its major suppliers, the Board does not believe that the inevitable extra cost incurred would fall on the CEGB—as was the case during the protracted rationalisation of the nuclear industry.

The Board itself would be taking some risk that growth in electricity demand would fall to justify such a rate of ordering.

Court order ends occupation of Massey Ferguson tractor plant

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

STRIKERS AT Massey Ferguson yesterday ended their occupation of the company's Coventry tractor plant following a High Court order granting the company repossession.

Fears that the 1,150 workers, on strike for a month, would risk a confrontation with the police proved groundless.

News of the Court decision was conveyed by a police superintendent to pickets barricaded inside the Banner Lane plant. They quietly removed chains from the main gates and began to clear obstructions.

In spite of their withdrawal and lack of support from the majority of Massey Ferguson workers—the men are determined to continue the strike, Mr. Ken Tyrell, chairman of the strike committee, said last night. Peaceful picketing would continue outside the gates.

In a move apparently designed

to prevent another occupation, the company was yesterday photographing all employees supposed to be at work. They are to be issued with identity cards, and admission will be restricted to the strikers.

The company rejected a claim by Mr. Tyrell that the move could be construed as a lock-out.

Both sides in the dispute have entrenched positions, and union officials are pessimistic about an early settlement. "It is quite clear that the company is out to crush us, and our members are equally determined," Mr. Tyrell said.

A meeting of the strikers today will discuss a recommendation from their stewards to prolong the dispute. The company insists that a precondition for any negotiations is that the 136 assembly workers at the centre have moved from the dispute not only return to work within days of work, but that they will give the hearing and a settlement was reached quickly.

However, Mr. Michael Foot, the party's deputy leader and the Minister in overall charge of the devolution legislation, made clear his hostility at a meeting of MPs yesterday. At the same time he scotched any lingering hopes that the Cabinet might relent and hold the referendum before instead of after the Bill had completed its passage through Parliament.

One Scots back-bencher, Mr. Norman Buchan (Renfrew West), argued yesterday that, although it was not clear that the Scots would opt for independence, they should be given it if they wanted it, rather than be left with the occasion to grumble bitterly and endlessly. It is a risk, however small, that Mr. Foot does not want to take.

He promised that final proposals for the referendum would put before the Commons very soon. His present thinking is that the case should provide a strong argument for independence from the economic situation at the present time.

"It is the considered opinion of a great cross-section of the people in Scotland that the no vote should be held in the present time is nothing more than a political irrelevance."

The attendance of only 25 MPs at yesterday's meeting did not reach the 100 mark.

Case to buy 40% Poclain stake

BY DAVID CURRY

THE U.S. GROUP, J. I. Case, a subsidiary of Tenneco, is to buy 40 per cent. of the French engineering group Poclain, the world's leading manufacturer of hydraulic excavators. The French Government's attempt to find a French suitor for Poclain's problems has been unsuccessful.

Tenneco will subscribe Frs.185m for new shares at about Frs.310 per share, and also acquire certain unnamed overseas assets of Poclain to take its total investment in the French company to Frs.325m. (about \$40m.).

As a result of the agreement, which must now be ratified by the French and U.S. authorities and by shareholders, the Bataille family, which founded Poclain 50 years ago, will see its stake shrink from about 43 to 30 per cent.

There will be no immediate management changes, which means that the Bataille brothers will remain respectively chairman, managing director, and director for South America of the company.

J. I. Case is a 100 per cent. subsidiary of the Tenneco group. Its turnover is about \$12bn. divided equally between farm equipment.

Continued from Page 1

Worker directors poll

worker and shareholder directors respondents for wanting worker and third group of co-opted members. An Industrial Democracy Commission would supervise implementation of this system.

The main reason given by

WORKER DIRECTORS QUESTIONNAIRE

Questions:	All working adults	Trade Union Members	Non-trade Union Members
Do you think Workers Directors are:			
A good idea	54	63	48
Not a good idea	32	25	37
Don't know	14	12	15
Do you think the system should be:			
Introduced by law	13	18	10
Introduced voluntarily	82	79	85
Don't know	5	3	5

Source: Market Research Society

Zambia urges blacks to revolution inside Rhodesia

BY OUR FOREIGN STAFF

AMID A mood of growing black African belligerency Zambia yesterday urged Rhodesian nationalists to step up the war against Rhodesia following the breakdown of efforts to reach a peaceful settlement while militant nationalists raised the possibility of Cuban involvement in the conflict.

The counter-proposals amount to a forthright response to some rather sceptical comments in the Think Tank's recent report on the power plant manufacturing industry, which criticised the Board for failing to take enough interest in the welfare of its suppliers. It is understood that the final report was much less critical than earlier drafts had been.

But Sir Arthur said yesterday that the Board had always been "seized with the importance" of placing a steady load on its suppliers.

The Minister also urged black Rhodesians to do their country to revolt against the Smith regime and resort to acts of sabotage to liberate themselves.

Mr. Reuben Kamanga, a senior member of Zambia's ruling party speaking apparently for President Kenneth Kaunda, said that the rejection by Mr. Smith amounted to a declaration of war on Africa.

The Liberation Committee of the Organisation of African Unity meeting in Lusaka later this week would "have to take very decisive action to intensify the war."

Ominous

Mr. William Eteki-Mboumoua, the OAU's secretary-general, who said: "Africa is now obliged to consider seriously the strengthening of the liberation struggle."

Potentially the most ominous development, however, was a claim by nationalists in the Zambian capital that Cuban military advisers are playing a bigger role in training guerrillas from the camps of Mr. Robert Mugabe and Mr. Joshua Nkomo whose joint demands within the Patriotic Front coalition were rejected by Mr. Smith.

Mr. Ivor Richard, chairman of the failed Geneva conference, is to stay in Africa for a few days to discuss developments.

However, a statement issued by Mr. John Vorster, the South African Premier, was seen in Cape Town as an open rebuke to the British envoy for blaming Mr. Smith as the sole cause of the breakdown in negotiations.

"While I can understand Mr. Richard's disappointment, I do not think that his diagnosis of the failure is fair in all aspects, or taken account of the relevant factors," Mr. Vorster said.

Mr. Richard is expected to make a report before he leaves South Africa, probably for Lusaka, where he is expected to see Mr. Nkomo and Mr. Mugabe.

Smith's military option Page 6

duction targets.

The men who had their wages stopped on December 20, for lack of effort, gained the support of 1,000 assembly workers.

The strike began and pickets were imposed on December 22.

However, the remaining 3,000 manual workers voted against strike action—a factor which has led to bitterness as lay-offs have increased and production has stopped.

Clashes between the pickets inside the plant and colleagues wanting to resume work have been verbal, but no one under-estimates the tensions that have built up.

The company's decision to go to the High Court for a re-possession order was the second for any negotiations is that the 136 assembly workers at the centre have moved from the dispute not only return to work within days of work, but that they will give the hearing and a settlement was reached quickly.

However, Mr. Michael Foot, the party's deputy leader and the Minister in overall charge of the devolution legislation, made clear his hostility at a meeting of MPs yesterday. At the same time he scotched any lingering hopes that the Cabinet might relent and hold the referendum before instead of after the Bill had completed its passage through Parliament.

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He promised that final proposals for the referendum would put before the Commons very soon. His present thinking is that the case should provide a strong argument for independence from the economic situation at the present time.

"At the same time, we have people sitting down in Westminster creating another monster that will not produce a single item that will enable this country to recover from the economic situation at the present time."

"It is the considered opinion of a great cross-section of the people in Scotland that the no vote should be held in the present time is nothing more than a political irrelevance."

The attendance of only 25 MPs at yesterday's meeting did not reach the 100 mark.

Continued from Page 1

Cheaper borrowing

by the absence of any signals from the Bank indicating its intentions on interest rates, suggesting that at present the authorities were prepared to let the market take its course—although it was pointed out that they could intervene to make their feelings known later in the week.

A total of 17 per cent. thought having worker directors would lead to more pay, though among trade union members only 13 per cent. expected this result.

Only 13 per cent. expected fewer strikes. About 7 per cent. expected higher job security.

Of those opposed 33 per cent. felt the average worker had not sufficient knowledge and 24 per cent. failed to see its relevance to them. Some 16 per cent. of working adults interviewed and 17 per cent. of trade unionists were happy with the existing situation or felt management should be left to do the job.

Mr. Peter Walker, a former Conservative Industry Minister, claimed yesterday the majority finding of the committee was not distinct.

"To extend still further the powers and influence of existing trade union leaders rather than extending the powers and influence of the totality of employees is the major weakness of the report."

sharp a rise in the exchange rate, but the pound closed with a gain of 9 points to \$1.7184 with its effective depreciation from December 1971 levels narrowing from 42.6 per cent. to 42.4 per cent.

The decision by the banks to cut base rates by 1 per cent. indicated that they had been convinced that the general level of rates was being established at a new lower level with the prospect of more cuts to come. It was rather bigger than the banks had previously been expected to make at a time when they up to 1 per cent. in the medium term by 1978.

The reductions in interest rates also provided another boost to the gilt-edged market, where prices at the short end rose by 1 per cent. to 100. The Financial Times Government securities index gained 0.14 to 64.56.

The intervention prevented too

sharp a rise in the exchange rate,

but the pound closed with a gain of 9 points to \$1.7184 with its effective depreciation from December 1971 levels narrowing from 42.6 per cent. to 42.4 per cent.

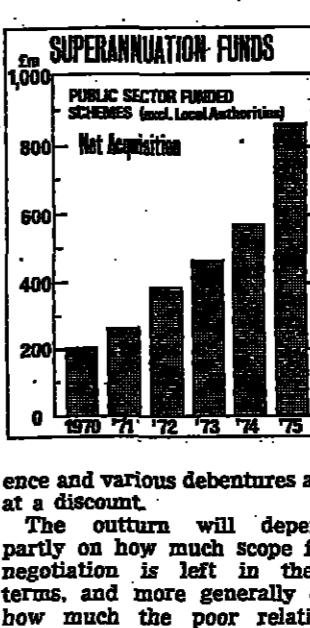
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THE LEX COLUMN

Test case for the trust sector

Index fell 0.1 to 377.7



ence and various debentures are at a discount.

The outcome will depend partly on how much scope for negotiation is left in these terms, and more generally on how much the poor relative price performance of investment trusts has tested the loyalty of Standard's many small shareholders.

Dunford & Elliott

Rumours of a counter offer pushed Dunford and Elliott 9p higher to 65p yesterday, which is an eighth more than Johnson and Firth Brown is offering. But any third party would certainly be leaving it very late: JEB's bid closes on Monday, and cannot be extended beyond the following Friday under the rules of the Takeover Code.

Both sides are now actively selling their case to the institutions and as things stand, it looks like being a very close run thing. Just over 11 per cent. of shareholders accepted J and FB's first offer, and the group claims to have picked up around 15 per cent. of the votes through the market. A straw poll yesterday suggested that a number of big shareholders are leaning in favour of the offer but the margin is narrow enough to suggest that a different sample could have produced another

The attitude of Standard Trust is not yet known, but its reply will almost certainly make the following points. First, the stated terms—95 per cent. of net asset value—will for reasons of definition yield significantly less than Standard's published net assets; these were put at 151p a share on December 31. Deductions include the dollar premium surrender of about 6p, and a contingent capital gains tax liability of almost 9p. The indicated cash value at that date (it will vary with the market) is 130p, on which some shareholders could bear a further gains tax liability. And rather cheekily, the pension funds are deducting prior charges at par